THE NEW REPUBLIC

A Journal of Opinion

VOL. III, NO. 22 NEW YORK, MONDAY, NOVEMBER 27, 1944 NUMBER 1565

The Great Offensive

The first great Allied offensive against Germany proper has begun to roll, and has made what must be considered quite satisfactory progress in its first few days. On a front of about 450 miles, the Nazi forces, ranging from battle-weary veterans to green and untried levies, are being assailed by no less than six United Nations armies, backed by an immense concentration of artillery fire power, spearheaded by a great weight of rolling armor and paced by the most overwhelming concentration of air power ever seen, even in this war without precedent. Some Americans appear to have been surprised that of the six armies committed, four were American. There is no good reason for this surprise. Prime Minister Churchill long ago made it clear that in the first days of the liberation of Europe, troops from the British Commonwealth would be about equal in number to the Americans, but that the ratio would gradually change until Americans were in a pronounced majority. That change has now taken place, but it should not be assumed that the balance of the campaign in the West will see American troops outnumbering their British allies by four to one—indeed, not even the present alignment of armies justifies the assumption that that is now the case, for the British Second Army may well be larger than some of the American ones. Moreover, the Canadian First Army, last reported in action around the mouths of the Schelde, contains several British divisions, and no doubt these troops from the mother country and her oldest dominion, together with the associated Polish Corps, will not be long out of the news.

In addition, it is likely that other armies are yet to be committed. This is certain to be the case with the French, if they can obtain equipment quickly enough. It is, however, gratifying and remarkable that the French metropolitan and colonial troops outfitted in North Africa and sent into southern France with Lieutenant General Alexander Patch's liberating forces should so soon have reached the status of an independent army, capable of holding one flank of the invasion of Germany.

Maximum and Minimum Objectives

It will be extremely unfortunate if public enthusiasm over the good progress made in the early days of the offensive leads to a pronounced letdown if the gains come to be measured in yards, rather than in miles. That is entirely possible and, judging from the attitude of the first prisoners interrogated after Hitler's failure to appear on the *Putsch* anniversary, entirely probable. It must be assumed that General Eisenhower and his staff were determined to launch a full-scale offensive against Germany before the worst weather of winter set in. For some time it was doubtful that they could do so: the supply difficulty (so often emphasized in these notes) appeared to be of forbidding proportions. But then goods evidently began to move through Brest and Le Havre; the capacity of Cherbourg was increased; Marseille was made operational—and the clearing of the approaches to Antwerp guaranteed that even winter weather would bring no worsening of the supply problem and might actually bring relief. Against that background the attack was ordered.

CONTENTS

The Week 675
Editorials
Progressives Must Organize 678
The British Bloc in Europe 679
General Articles
Can Britain Afford Bretton Woods? . . . . . Seymour E. Harris 681
Journey in America: III . . A. G. Mezerik 684
The Real Issue in Spain . Heinz H. F. Eulau 687
The PAC and the Future . . Helen Fuller 689
Washington Notes 691
The Miracle of Morton . . Manny Farber 692
A Communication . . . Harold T. Smith 692
The Bandwagon 694
Correspondence 694
Books in Review
A Historian at Seventy . . Eric F. Goldman 696
Behind the News in China . Agnes Smedley 697
The Schools and Democracy . . . . . Hortense Powdermaker 698
On Freedom . . . . Heinz H. F. Eulau 699
Two Battles: One Front . Carroll Kilpatrick 700
From Plato to Pegler . Eduard C. Lindeman 701
A Reader's List 702

PUBLISHED WEEKLY AND COPYRIGHT, 1944, IN THE U.S.A. BY EDITORIAL PUBLICATIONS, INC., 40 EAST 49 ST., NEW YORK 17, N. Y.
ENTERED AS SECOND-CLASS MATTER, NOVEMBER 6, 1914, AT THE POST OFFICE AT NEW YORK, N. Y., UNDER THE ACT OF MARCH 3, 1879
PRINTED IN THE U.S.A.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

The Supreme Command naturally has not disclosed how much progress it expects to make before the offensive again bogs down. But General Eisenhower himself months ago expressed the belief that the Reich *might* be defeated this year. Another Allied commander, noted for his caution, has privately expressed the same view, and more recently than General Eisenhower. It is safe for the layman at home to assume that the Supreme Command still entertains the hope, if not necessarily the expectation, that the job can be finished in 1944. That would be the maximum objective possible. Also to be considered is the probable minimum objective. That, as we have suggested previously, is likely to be an advance to the Rhine along its entire reach from Switzerland to the North Sea.

From the left bank of the river, Allied artillery could inhibit industrial activity anywhere in the valley, and a foothold would have been won for an advance up the tributary valley of the Ruhr. German morale may be able to withstand yet heavier blows, but there is a limit to the amputations which the German war machine can endure.

Reporting on the Philippines

The most remarkable feature of the Pacific war in recent weeks has been not the fighting but the official handling of news about the fighting. It was deplorable that the Southwest Pacific Command of General MacArthur should have permitted itself to anticipate the early and successful conclusion of the Leyte campaign just when the Japanese were pouring in reinforcements —which is precisely what they should have been pected to do, in the light of their record in similar str tegic situations. The over-optimistic assertion, given official weight by its inclusion in a communiqué, will not make easier the lot of those who, as next of kin, must be notified of casualties in the continuing, bitter battle.

Neither was the navy's long communiqué No. 554 beyond criticism. Its ostensible purpose was excellent: to put into chronological order and into clearer perspective the remote naval actions of an action-packed month. Its length and clarity were commendable. But its breezy, colloquial style tended to make great naval battles, in which ships were sunk and men

The United Nations on the March

Six Allied armies are engaged in the first simultaneous offensive against the entire western border of Germany and its outposts in the Netherlands and Lorraine. In the north, the British Second Army is committed; as it advances, it lengthens its line, thus letting in the American Ninth Army immediately to the south. From Aachen south are the American First, Third and Seventh Armies, and the French First. The Russian front facing Budapest, shaped like a sickle, has swung around to reap its harvest, and in the southern Balkans the Germans have suffered still more discomfitures.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

were killed, appear more as sports contests in which the American team proved itself the champ. That is not *dulce et decorum*.

Luck on Our Side

One secondary purpose also is evident in the navy's communiqué: General MacArthur had made it plain that he took an unfavorable view of the long time required by Admiral Halsey's Third Fleet to come to the rescue of the Seventh Fleet off Samar on October 25. The navy enters the lists and demands that it be given credit for having made possible the invasion of the Philippines earlier than General MacArthur originally had planned, and for having wrought a miracle of supply in keeping his armies in the field. It is entitled to full credit for both. Incidentally, the navy lets fall (whether by accident or design) the reason for the unequal battle off Samar between enemy battleships and American escort carriers, screened only by destroyers. The Japanese battle force which had been heading for San Bernardino Strait was seen to turn back, and evidently it was assumed that it would continued to retire. Consequently, Admiral Halsey swung north. But the Japanese reversed their course a second time, and bored in to the attack. Our reconnaissance failed to disclose this second reversal until it was too late. There was an element of good fortune in the turning back of this powerful enemy force before it could execute great and irreparable damage. And fortune is too fickle to be trusted by Allied commanders.

Little Steel Again

Is it abysmal economic ignorance, or mere prejudice, which leads press commentators to assume that the report of the War Labor Board's special committee on the cost of living validates the Little Steel formula as it stands? This report does sustain the official index of the cost of living of the Bureau of Labor Statistics, with the addition of four or five points for intangible factors. That brings the rise in living costs about 30 percent above the base period. But the Little Steel formula, which was supposed to equate rises in basic wage rates to the increase in the cost of living, establishes a ceiling of 15 percent. It is therefore only half sufficient.

If people wish to argue that the measure of wages should be actual earnings rather than wage rates, they are entitled to do so, but that was not the basis of the Little Steel formula. And we believe that there are sound reasons for sticking to rates as the true measure. Anything earned beyond them is due to longer hours, harder work or shifting of jobs. It is parallel, not with retail prices, but with earnings of industry and agriculture due to increased volume. With the demobilization, such gains are likely to disappear, and if wage rates are not kept at least equal with the cost of living, labor's purchasing power will drop and we shall be well started in a deflationary spiral.

Raise the Minimum Wage!

A Senate subcommittee, headed by Claude Pepper of Florida, has been learning some new facts about the hard side of American life from witnesses appearing at its current hearings on the question of raising the present minimum wage from 50 to 65 cents an hour. A long line of working men and women proved again from personal-experience stories that fat wartime pay envelopes are only a myth to about 40 percent of American workers. There are more than 11 million wage-earners even now struggling to get by on less than 65 cents an hour, $26 a week.

Since election, the President has again stated the necessity of raising the minimum-wage provision. Certainly if the slogan of "60 Million Jobs" used in the campaign is to have real meaning in terms of national purchasing power, Senator Pepper's 65-cents-an-hour amendment is a necessary next step for Congress to take.

Compromise About Aviation

Few Americans have understood what the basic dispute between the United States and Britain over air traffic was all about. The American delegates at the Chicago conference have striven to keep the field as free as possible for competition, delegating to the world authority only such powers as were necessary for safety and prevention of intolerable confusion. The British have wanted to endow this authority with power to give exclusive licenses to monopolies and to regulate rates and traffic. The American point of view is defended by the assertion that it opens the way for low rates, improved service and indefinite expansion which are the necessary accompaniments of an expanding world economy. On the surface, this looks like an unassailable argument.

But the British and other air-minded nations have a case too. Because of war necessities, our country has progressed far beyond others in the manufacture of transport planes and the establishment of long-distance transport routes. To establish unlimited competition immediately after the war would be in effect to give the United States an unassailable dominance. Britain, Holland, France and other nations justifiably desire, for the sake of national prestige and the safeguarding of their own economic and strategic prospects, to reserve part of the business for themselves. Their air lines have been developed on a monopolistic basis, with governmental participation and control. They are more accustomed than we are to living comfortably with public-utility monopolies and taming them to the public interest. Naturally, therefore, they favor a more arbitrary allotment of lines and traffic than free competition would at present bring about.

The compromise suggested by Canada would assure them a proportionate share at the beginning, but would

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

modify the arrangements in the future according to the traffic developed by each nation. It would not make it necessary for the United States to grant a monopoly to one of its own companies. This compromise has been accepted by the United States and may become the basis of agreement. We think it should serve for the time being, though Americans must remember that competition among a few companies often results in virtual monopoly, and we may need regulation in the future to reduce rates. Indeed, probably the best solution of all would be the presently inacceptable one put forward by Australia and New Zealand, for a publicly owned international company.

De Gaulle in Moscow

General de Gaulle's journey to Moscow is a politically salutary event that may previsage a genuine European settlement. For if it should lead to a renewal of the Russo-French alliance, it will effectively cancel some people's fears that Britain and Russia want to divide Europe into ironclad spheres of influence under their respective control, with France in the British camp. France, linked by treaties of alliance to both Russia and Britain, will find herself in a pivotal position because there is increasing evidence that some of the smaller European nations look to her for leadership vis-a-vis the Russian and British giants. As the liberal direction of French foreign policy is equally evident from recent pronouncements of her policy-makers, her influence in postwar European politics can only be wholesome from the point of view of continental peace.

Progressives Must Organize

ONE OF THE MOST IMPORTANT RESULTS of the election is the new spirit with which American progressives are imbued. It is true, as we said last week, that the election was on the whole more important for what it did in a negative way than for its positive accomplishments. In a sense, we are back to 1940. But 1946 and 1948 loom ahead, and it is high time for the progressives, jubilant over the victory, to take stock.

We should not deceive ourselves as to the extent of our power. President Roosevelt won this election on the basis of his own personality, and the issues of carrying on the war and building an enduring peace. Trade-unionists and independent liberals did heroic work in getting out the vote, and they probably turned the tide in several crucial states. It remains true, however, that probably no other Democrat than Mr. Roosevelt could have won, and he would have found victory much harder if the war had been over. This does not mean, of course, that the country as a whole is in a conservative mood. Everywhere, people are worried about postwar jobs, and expect the federal government to help maintain prosperity. Even Mr. Dewey was forced to adopt most of the New Deal in his campaign speeches.

Moreover, the progressives' string of victories on a lower level is an impressive one. A long list of our enemies were defeated, in or before the primaries or on November 7. A goodly list of people on our side have won places in the House or Senate. If we have not yet unseated the Unholy Alliance of conservatives of both parties, we have reversed a trend that has been noticeable since 1936 and particularly noticeable in 1942. It is also a fact that, on the whole, any victory for Mr. Roosevelt is a victory for the liberals. In spite of the aspects of his administration that we do not like, his continued appeasement of people like Franco and Jesse Jones, he is by far the most progressive President we have had in modern times. The achievements of the early days of the New Deal gave us liberal legislation in a comparatively few months that would normally be expected to take decades. Internationally, the President's aspirations for a world organization are in their ultimate objectives closely similar to those of most progressives, even though some of the latter object to the President's realism in beginning with the focus of power represented in the Big Four, and going on from there.

This is certainly no time, however, for the progressives to rest on their oars, still less for them to be complacent. The end of the war will bring enormous and urgent problems in both domestic and international affairs. Decisions must be made with the utmost speed, which will powerfully affect the course of events for generations to come. At best, we have only a bare chance of achieving an international order capable of putting down aggression. At best, we have only a bare chance of preventing a severe and long continued depression at home when the war comes to an end. If a depression takes place under even a nominally progressive government in Washington, liberalism will be blamed, quite unjustly, for this result and the nation may turn in a fascist direction, thickly or thinly disguised. The situation in Congress—and in the White House—is such that the liberals are likely to get blamed for defeats that are not their fault, while they fail to get credit for victories which are actually theirs. We have learned during the election campaign how important is organization, even on a temporary basis. What shall we do about permanent organization?

It was a foregone conclusion, before the CIO convention met, that it would retain the PAC and Sidney Hillman as its chairman. It has proved too useful to be lightly discarded, and this is as it should be. As we have said repeatedly in The New Republic, labor is fully entitled to participate in the political life of the nation—just as fully as any other element in the community. In some ways it is regrettable that the PAC represents only part of the organized labor of the country; but this is not the fault of the CIO. The

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

AFL and the Railway Brotherhoods could come into the organization even now, if they wanted to. Alternatively, they could create parallel organizations of their own. It is not always true, as people sometimes hastily assume, that one big monolithic enterprise is invariably better than two or three smaller ones. Eventually, we should like to see all the trade unions of the country interesting themselves in politics as the CIO is now doing.

When we come to the National Citizens' Political Action Committee, the case is somewhat more complicated. In theory, this was a completely independent group of well known liberals working for the reëlection of Mr. Roosevelt. In fact, however, both its name and other circumstances tied it closely to the CIO-PAC. These circumstances included a common chairmanship, closely affiliated executive personnel and a trade-unionist—R. J. Thomas of the UAW—as treasurer. The question is whether this identification between the NCPAC and the CIO-PAC is now so close, in the public mind, that the two can never be separated. There is a good deal of evidence that this is the fact.

That independent progressives and trade-unionists should coöperate closely goes without saying. The election campaign showed how valuable are the results when they do. There is a grave question, however, whether they should be completely identified with each other. There are some progressives who feel close enough to trade-unionism to enroll without reservations under its banner; and for them, membership in the National Citizens' Political Action Committee is quite satisfactory. But there are many others who do not share this feeling, and it is important that there should be a national organization—the Union for Democratic Action might well serve as its nucleus—in which they can find organized expression. For effective political action it is necessary to gather together many groups which differ on some matters but agree in the main with one another. Both the Republican and Democratic Parties are combinations of such groups. There is no reason why this should not be true of the progressive-trade-union power bloc as well. This is true even though the CIO-PAC has been conspicuously free from any narrow sectarian bias and has in fact in most matters had a policy identical with that of the progressives themselves.

It would seem to be the height of wisdom therefore that in addition to the CIO-PAC there should exist an independent group of liberals which by its title, chairmanship and all other facts about it is clearly identified as being genuinely independent and not in any sense a mere derivative from trade-union activities. This group should coöperate to the fullest extent with trade-union political work, but it should retain enough independence so that it can be joined by those who for any reason do not wish to be directly affiliated with trade-union activities. Among these persons will undoubtedly be many servicemen coming back into civilian life with a burning desire to help make America better, but wanting to act under their own power.

The New Republic suggests, therefore, a National Progressive Federation which shall include the CIO-PAC, independent liberals, progressive farmers and farm organizations, and any and all groups now existing, or to be formed, which have aims paralleling one another closely enough to permit common action on at least 70 or 80 percent of the domestic and international issues that arise. We hope that the CIO, while continuing the PAC under Sidney Hillman, will recognize the necessity for a group of independent progressives as well, and one whose independence will be beyond question by anyone. Never was the atmosphere better for progressive action in America than today. Never were the penalties if we default in favor of the tories more severe.

The British Bloc in Europe

THE MOST STRIKING outcome of Mr. Churchill's recent visit to Paris is the proposal that a federation be formed, within the United Nations, of Britain and Western European states including France, Belgium, the Netherlands and possibly others. This proposal, coupled with the influence exerted by the Soviet Union over Eastern European nations like Finland, Poland, Czecho-Slovakia and Rumania, is interpreted by some of those who favor world government as a resuscitation of the old policy of "spheres of influence," which must interfere with world unity and in the end lead to war.

Drawing by M. Goldstein. Copyright, 1944, by Field Publications, and reprinted by courtesy of PM

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

It is criticized also on the assumption that it will embody an anti-democratic imperialism, because the smaller and less powerful nations concerned will be dominated by that member of the Big Three which forms its nucleus. The more cynical commentators go on to argue that if this is to be the future pattern, the United States had better get busy with its own bloc.

If the proposal is effectuated, things may turn out as badly as the most lugubrious prophecy. Yet it seems to us that most of the criticism is based on catchwords and artificial concepts rather than on any genuine understanding of the situation. Neither a belt of Eastern states friendly to the Soviet Union nor a federation of Western European nations of which Great Britain is a member can be compared with the old "spheres of influence" formerly exerted by competitive imperialist powers in backward regions. Nor need either be any more menacing to world peace or any more exploitative in its nature than, for example, the already established organization of the American republics. If a good-neighbor policy can reconcile the interests of a great and powerful nation with those of smaller neighbors in the Western Hemisphere, there is no reason why it should not have equal success and be equally devoid of menace in other regions as well.

When General Smuts first made the proposal which Mr. Churchill renewed in Paris, it was assailed on the ground that it represented an effort of the conservatives in Britain to organize an alliance against Russia. If this were true, and if Russia's activity in regard to the states on her own borders were in turn directed against Britain, then indeed there would be trouble brewing. All the territory between the two powers, and particularly Germany, would become a battleground, first of diplomacy and then probably of war itself, in the efforts of both blocs to extend their frontiers.

But let us remind ourselves that the whole foundation of future world peace, which is of vital concern to both Britain and Russia, is deliberately laid by both these powers, and by the United States as well, on the assumption that they must and will continue to collaborate. If they do not, then there will be war, no matter what groupings of nations are formed. If they do, then the proposed groupings assume an entirely different aspect. It is quite possible that each approves the proposal of the other, not as an unwelcome necessity, but as preëmption by a reliable friend of a field which otherwise might lie open to exploitation by a revived and trouble-making Germany. It is almost a certainty that Britain and Russia would regard this solution as embodying far less danger of a future clash than they would the proposal which many have advanced as an alternative—a European federation of which Germany would be an integral part, and which she might therefore in future dominate. Though the present rulers of both Britain and Russia may be mistaken, it is a safe bet that they would rather rely on the ability of their nations to get along with each other in the future than on the ability of either to get along with a possibly powerful and aggressive Germany.

And what of the lesser partners of the proposed blocs? Surely nations like France, Belgium and the Netherlands are hardly in the position of colonial or primitive populations who must fear exploitation. The experience of the British dominions would not lead to such an expectation, even if the possibility existed. Rather these nations would seem to be pulled together with Britain by a mutual need for military security and by common economic interests. The same observation holds true, on somewhat different grounds, for the nations of Eastern Europe. They need friendship with Russia for protection against the kind of disaster which has recently overwhelmed them, and the Soviet economic system is not of the sort which is likely to subject their peoples to exploitation, especially if, as Russia pledges, they are not required to imitate it.

The principal danger that these combinations would be oppressive to their own peoples and a threat to one another would arise if, after the war, the economic policies of the dominant powers were such as to induce unemployment and depression. In a contracting economy, isolation is encouraged and competitive struggles for the division of an insufficient product arise. But the policies which both Britain and Russia intend to follow are, each in its own way, calculated to produce an expanding economy and rising standards of living. If one could speak of the United States with as much assurance, the future would be brighter than it is. At present there seems to be more danger that other nations will not wish to link their future with ours than that they will desire to remain aloof from the other members of the Big Three. It would indeed be a calamity if, while opposing the plans of our allies on the ground that they are not in accord with our ideas of a perfectly symmetrical political order, we should crowd the rest of the world into a disruptive depression by failure to manage our own affairs.

THE NEW REPUBLIC
A Journal of Opinion

Editors: BRUCE BLIVEN, GEORGE SOULE, MICHAEL STRAIGHT, STARK YOUNG
Treasurer: DANIEL MEBANE
Assistant Editors: ELIZABETH HULING, GEORGE MAYBERRY, HELEN FULLER (Washington)
Contributing Editors: H. N. BRAILSFORD, VAN WYCK BROOKS, MALCOLM COWLEY, VARIAN FRY, JULIAN HUXLEY, ALFRED KAZIN, MAX LERNER, E. C. LINDEMAN, THOMAS SANCTON, REXFORD GUY TUGWELL
Advertising Manager: E. G. WOOD
SINGLE COPIES, FIFTEEN CENTS; YEARLY SUBSCRIPTION, FIVE DOLLARS; CANADIAN SUBSCRIPTION, SIX DOLLARS; FOREIGN, SIX DOLLARS; THREE MONTHS' TRIAL, ONE DOLLAR

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Can Britain Afford Bretton Woods?

Some Unsolved British-American Problems

IN A RECENT PAMPHLET by the British Political and Economic Planning (PEP), the editors ably and generously discuss some unsettled issues in British-American economic relations. Although the British welcome Bretton Woods, they have some misgivings. PEP concludes that the British can afford Bretton Woods and the accompanying restrictions imposed upon them only if they have adequate assurance that the United States will lead the world back to prosperity and help keep it there. They can then afford to lay aside plans for autarchy, with its arsenal of tools: exchange control inclusive of blocked balances, bilateral trade and clearing agreements, further increases in the tariff.

Their fears may be resolved into the following: (1) The United States is interested in exports, not imports. If we do not buy, if Great Britain is unable to sell us, the system of international collaboration will break down. (2) Unless the United States Government is prepared to step in at the appropriate time, the inevitable postwar economic collapse here will pull the British and others down—and in the present apparent state of American opinion, our government, according to PEP, is unlikely to step in. If that is what faces the British under Bretton Woods, it would be better for them, says PEP, to isolate themselves jointly with others, against the debilitating effects of worldwide deflation. Yet they are prepared to try out a program for international coöperation.

The Swing toward Orthodoxy Here. – In the years 1933-39 the United States was in the forefront in the application of Keynesian economics. Lord Keynes preached monetary expansion as a means of putting men to work and as a means of keeping the rate of interest down and investment up. He also stressed the need of measures which would increase consumption: public investments, a change in the tax pattern, social security, etc. To all of this we were receptive. During most of this period the British, though they applied some unorthodox methods, also had recourse to orthodox ones: a balanced budget, trimming of the social-security program, introduction of tariffs, etc.

We are reminded by this excellent little pamphlet that the British are now in the vanguard. To the British, money is a tool which is to be used to create employment; spending is not to be restricted to income or past savings; the public debt is to be allowed to rise so long as it does not outdistance national income; the government must assume responsibility for a high level of employment. We, according to this pamphlet, consider government interference a cause of unemployment; rely on private enterprise to pull us out of a slump; are suspicious of full-employment policies abroad; are determined to pay off our debt; and we are not receptive to the "monetary-expansion" theory.

The British Dilemma. – A dilemma confronts the British. They approve of and want international cooperation; but they would eschew any restrictions put upon full-employment policies, and in particular upon their internal monetary policies. They can launch a policy of international coöperation as is proposed at Bretton Woods. That is one alternative. Many, however, fearing the restrictions imposed upon them by Bretton Woods, prefer another. Those restrictions are real, but their access to additional resources is limited. Britain's quota under the Fund is but £325 million ($1.3 billion). This is a pittance when compared with the losses of $11 billion of gold, securities and foreign exchange in four years, the $12 billion of Lend-Lease aid in a little more than three years, and the total adverse balance of payments of perhaps $30 billion in the course of the war. The additional resources available to the British under the Fund are but four to five percent of their wartime deficit on international account.

This, in my view, is scarcely enough to finance a British inflation. (PEP quotes a New York Times editorial of May 29, 1944, as an indication of views widely held in this country. This editorial makes the point that the Articles of Agreement at Bretton Woods are a plan for supporting inflationary programs abroad.) This interpretation checks neither with expert British opinion nor with official plans. The British White Paper on employment is quite specific on this point. It would shun wage and price inflation. It does not emphasize borrowing from the United States, but rather reduction of costs, rationalization of industry, redistribution of capital and labor in favor of export industries—all these as means of achieving a balance in international payments. Those who anticipate that Bretton Woods will make the United States the world's milch cow, the inexhaustible source of dollars to support a British policy of inflation, are dead wrong.

Bretton Woods will not provide an adequate supply of dollars even for British expansion at a *stable price level*. The British will have to rely on the above-mentioned measures and on temporary aid through loans and depreciation. If the British have learned their Keynesian economics well—and it is assumed in this pamphlet that Keynes's influence has been impressive

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

—they know that exchange depreciation can only be a palliative. They are well aware that not drugs but surgery is required. They know that their present export trade must rise by 60 percent or more. I estimate the required rise at £400 million ($1.6 billion) over a prewar level of £600 million ($2.4 billion): two hundred million pounds to cover the losses on investments and shipping, £100 million—an underestimate—to amortize blocked balances of £300 million, and £100 million to pay for increased imports required under a full-employment economy.

The British can choose then, as PEP puts it, between (1) playing the international game in the hope that the United States will not go into a tailspin after the war and pull the British down with them, and (2) having a go at autarchy and bilateralism. PEP's choice is clear: Let us coöperate; but let us be cautious. In a transitional period, we [the British] can still maintain restrictions on the free conversion of sterling into foreign currencies—and even add new ones. We [the British] shall not really have to commit ourselves until we have had some assurance that the United States is not sinking into a morass of deflation and unemployment, pulling the world down with it.

British and American Attitudes on Exports. – I wish to comment on two issues raised in the pamphlet: the conflict of views on exports and the divergence of views on public policy in general and governmental participation in particular.

The British, we are told, seek exports in order to pay for necessary imports. This statement reflects a fear of American competition on world markets along with annoyance at our unwillingness to buy as well as sell. We, on the other hand, seek exports in order to provide employment; and we spurn imports. On these issues, not only journalists and politicians are bewildered and confused. They apparently perplex many economists also.

Let us see how far we can go along with the British viewpoint. We agree that it is plainly not to a country's advantage to export and not to import. The more we export the less we have; the more we import the more we have. We must indeed be prepared to import; and if we export more now we should anticipate larger imports later.

This does not, however, mean that the United States should not maintain export trade at a high level and even tolerate, indeed encourage, an excess of exports in the early postwar period. We must maintain a high level of exports in order to pay for our imports and in order to increase our chances of maintaining a high level of employment. And if we do not have a high level of income and employment, the British will not receive the support from us and others which is the *sine qua non* for continued British prosperity under a program of international coöperation.

What, then, is the relation between a high level of exports and a high level of income and employment? At the outset, let us dismiss a position widely held, that if we export more, we import more. An expansion of exports, therefore, it is said, does not add to employment. What we gain from exports, we lose from the rise of imports. While this is a reasonable proposition over a long period of time, it is not over short periods. To give one example: Our excess of exports averaged $940 million in 1928-29 and but $220 million in 1931-37. Exports had fallen more than imports. What is more important, the decline of exports of approximately $3 billion annually in 1931-37 over 1928-29 was not offset by a growth of domestic demand.

In the transitional postwar period we are informed by prognosticators, official and other, that an export trade of $8 billion at least is required if we are to attain an income of $140 billion or thereabouts. It is also my view that unless we have a large volume of exports, we are not likely to experience a high level of employment.

Two points require emphasis here: First, our export industries are likely to be especially those in which large fluctuations are the rule—the industries that determine the extent of the ups and downs. If these industries are not maintained at a high level of activity, then total fluctuations will be large. Manufacturing—and particularly machinery and durable consumers' goods—will play an increasing part in our exports. We must then export in order to eliminate large declines emanating from one potentially dangerous source.

Second, we must always keep in mind the fact that a full-employment income envisages a high level of investment, a rise of consumption of one-half to two-thirds above prewar levels, and so on. If we represent a large tree, uprooted by a hurricane but replanted with the support of three cables, as "Full Employment," then we may put the issues as follows. The three cables are named investment, consumption and exports. They are supporting a very heavy load. But the tree remains upright and takes root again in time. Remove or weaken the export peg, and with the increased burden on the other two pegs, the tree—"Full Employment"—topples down.

An Excess of Exports? – Many would go further. They would provide an excess of exports. A Treasury representative proposes exports of $10 billion and imports of $8 billion, the difference to be financed by loans. Bretton Woods envisaged similar patterns of trade for us. Even this may fall in with British plans. But we must not delude ourselves. The excess of exports should be a temporary interlude. I do not argue that we did not gain on balance from an excess of exports in the twenties and thirties. What I do argue is that we could have gained even more had

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

we exported and accepted payment for the exports. An excess of exports over a temporary period, say ten years, will be helpful to all under, of course, certain conditions.

These conditions are (1) that, as is provided at Bretton Woods, the loans are carefully scrutinized as to their contributions to productivity and the capacity of the borrowing country to repay, and (2) that the lending countries take the necessary measures to stimulate imports once the period of repayment begins. Then the British and we will gain, in that national income and productivity will be higher in the borrowing nations and therefore, the demand for exports will rise, and we shall gain also for the reasons given above. Furthermore, our economy will be given a lift in the crucial transitional period when government expenditures are being scaled down from $100 to $20 billion annually. The gains to the reconstructed and rehabilitated nations are obvious.

In short, the conflict between the British and the American views on exports and the function of exports, need not be serious. Exports may provide both the British and the Americans with additional jobs, and the British with the wherewithal to pay for imports. We must keep in mind the fact that in the long run, we can lend and export more only if we are prepared to buy more or to give these exports away; and those critical of a high export policy must not too glibly assume that workers who lose jobs in export industries will find an equal number of jobs in other fields.

Too Much Optimism Here? – Good historians that they are, the British see an inevitable economic collapse after the war. This makes them less disposed to accept the restrictions under an international system, for if worldwide forces begin to pull them down, they do not wish to be tethered to gold or to the levels of activity of other nations. They are not reassured by their examination of American views concerning the responsibility of government to prevent a debacle or to intervene quickly once a decline has started. They observe a tendency of many to forget their history and to delude themselves by the use of adding-machine techniques: they add up the dollar value of unsatisfied wants of consumers or anticipated purchases and conclude that private enterprise unaided can provide the required number of jobs. These estimates and approaches have never made this writer feel sanguine. Most of the estimates are scarcely worth the paper they are written on. Even so thoughtful and unusually far-seeing a business man as Henry Kaiser, in a recent radio address, expressed his faith in the future of private enterprise in terms of additional employment in the production of helicopters, additional housing, etc. What he failed to tell us was that he was assuming what he was trying to prove. He started implicitly with a full-employment income and then estimated how great the demand would be for cars, houses and other items. He did not tell us how demand was going to be kept up once the government spends $80 billion less; nor what might happen to spending after the war when 15 million or more are thrown, even if only temporarily, on the labor market; and he did not tell us how, when a full-employment income is once again attained, it is going to be maintained.

Much discussion, both in academic and non-academic circles, revolves around issues such as these. There are those who say give private enterprise a healthy, hands-off milieu and the jobs will be forthcoming and collapse will be averted. These are the optimists. At the other extreme are those who say that no matter how solicitous the government is of business, no matter how our tax system is revamped, no matter how flexible prices become, no matter how rapidly we remove barriers to trade, the system is doomed. PEP and the British government seem to take a midway position. They envisage a failure of the system unless the government takes a larger responsibility. PEP and many of the British seem to consider the optimists as preponderant in this country.

The Probability of Government Participation. – The sentiment in this country for governmental intervention is stronger than the British seem to believe. They may be misled by relying too much on the numerous conservative newspapers, the opinions of reactionary but unreticent elements in Congress. More important, it would appear, are the commitments of both major parties, the polls on economic issues, the views of a growing number of far-sighted business men—Kaiser, Higgins, Johnston, *et al.*, and especially the group represented by the CED. The last, for example, recommends the repayment of public debt only if a high level of income is attained. Again, the CED proposes a tax structure which will weigh less heavily on business enterprise and especially on the masses. It is as aware as Lord Keynes that consumption must be stimulated. These progressive elements all recognize the responsibility of business for a high level of employment. They do ask for a healthy milieu; but they know that the system will not stand up under another decade of 10 millions unemployed. The progressive business man knows that money is the servant of trade and production and not an end in itself. He no longer complains of monetary expansion, low interest rates or a shelf of worthwhile public works. A public debt of $300 billion is an intolerable burden only if our national income does not attain its potential. At an income of $140 billion now or an attainable income of $200 billion 30 years hence, this debt will be a nuisance and even a burden; nevertheless it will be compatible with a far higher standard of living than we have ever attained.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Can Private Enterprise Carry the Ball? – The crux of the matter is, will private consumer and investment demand carry us up to a $140 billion income and sustain us there? We do not know. There is much ground for pessimism. Let us hope the stagnationists are wrong; but let us be prepared if they should prove to be right. A revised tax system; a broadened social-security and veterans' program; a friendly but not ingratiating attitude towards business; a more flexible price and trade policy—all of these will help. Will they be enough? Who can say? Surely, all can agree that if these measures are not enough, then the government must step in. Those who favor government help at such times do not welcome a rising public debt. There is a choice of alternatives: No rise of debt and unemployment, distress and political and economic instability. Or a rise of debt and alleviation of distress and the maintenance of income and employment.

Conclusion. – I would urge the British to have faith in us. This government is not likely to let the American people and the world down by tolerating another gargantuan collapse. We will act much sooner than we did in the thirties. We hope that we can pull ourselves and the world up. Bretton Woods is the first step in that direction. The British can always fall back on controls, bilateralism and the like; and they will pay in a lower standard of living. It seems preferable to try out a truly international system.

And it is necessary to add a footnote. Are not many of the British inclined to confuse what the British public wants and what the government has promised? The White Paper on employment marks an advance. It definitely commits the government to a policy which would maintain a "high and stable level of employment after the war." Yet, as Sir William Beveridge eloquently shows in a recent number of The British Economic Journal, the government has not implemented this announcement with a program which will yield the desired results. The British Treasury is still excessively fearful of public debt; is cautious of a compensatory tax program; and is not audacious in its proposals for a stable and adequate investment policy. I cannot be certain that the British are committed even as far as we.

SEYMOUR E. HARRIS

Journey in America: III

This is the third of a series of articles showing what is being done—and left undone—in various regions of the United States to prepare for the problems of peace. Mr. Mezerik will next visit Oklahoma City, Kansas City and Denver. – THE EDITORS

NEW ORLEANS, LA. – The old South has been thrown right into the middle of the new in New Orleans, and the old South is not too comfortable. I went to lunch with the president of one of the old, established banks. He is a conservative descendant of early New Orleans. With warm Southern hospitality he took me to Antoine's, most famous of the restaurants in the French Quarter. Antoine's was crowded, a line waiting to be seated. My friend turned to me with an expression of distaste. "I liked New Orleans better when it was a city of 200,000. It was quiet and you could live comfortably." The next day one of the associates in the bustling Andrew Higgins ventures invited me to lunch and I found myself in Antoine's again, with, if anything, a larger crowd waiting. Said the Higgins man, "This is wonderful. Crowds everywhere. New Orleans and the South are really breaking through. This will be the great metropolis of the future." In a sense these men expressed the sentiments which underlie a good part of Southern ferment.

The Higgins industries have grown from one small shop to huge sprawling factories and shipyards spread all over New Orleans and adjacent communities. They operate 700 miles of buses through the back country in order to bring the workers to the plants where the famous landing boats and many another instrument of war are being made. This shift of country people into the city has special meaning for the Negro, for here, as in many areas of the South, the Negro problem is shifting from the "cabin in the cotton" to the cities. Thousands of Negroes have moved into the war-production centers. We in the North have taken little account of the fact that most of the migration of the Negroes during the war has not been to North or West, but between areas within the South. In Norfolk, for instance, the Negro population has grown by 200 percent, and New Orleans has had a comparable growth; while in Los Angeles the increase has been 30 percent, and in Chicago and Detroit only 20 percent. While it has been difficult to integrate the Negro into the Southern industrial communities, Higgins and the labor leaders of New Orleans have done rather well.

Andrew Higgins, who is a fabulous sort of person with a vivid imagination, a good sense of humor and the crude strength of the promoter of production, told me a story which reduced the Negro problem to its logical absurdity. The badge of color all through the South, as everyone knows, is the separate toilet. Negroes and whites do the same work and receive the same pay, I was told, throughout the Higgins yards. They do not use the same toilets. Not long ago, in order to alleviate the critical labor shortage, the gov-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

ernment moved several thousand Jamaicans into New Orleans to work in the Higgins plants. The Jamaicans were both Negro and white, and neither recognized any color difference. The Negroes among the Jamaicans were asked to use the colored washrooms. They rebelled. In an effort to solve the problem a third set of toilets was created, marked "Jamaican." The whites in the contingent, feeling that they were more Jamaican than white, naturally used those toilets. New Orleans whites in the yard observed this phenomenon and the rumor spread that Higgins was forcing whites to use Negro toilets. Thus came about the one and only strike in the Higgins yards. I am glad to report that it was not necessary to create another set of toilets marked "Jamaican white"; yet the feeling is inescapable that too many people believe that one solution to the color problem is an ever growing number of labeled toilets.

I confess to not understanding the relationship between the Southern white and the Negro. I think any Northerner who attempts to prescribe solutions on a basis of preconceived notions is heading for trouble. The tensions are not, as I expected, superficially apparent. Feeling between the whites and the Negroes seems much less strained than in Northern cities, and social barriers which are said to be so absolute are not so obvious as they are, let us say, in Detroit or Chicago, except for the inevitable toilets and street-car and railroad segregation. I am most conscious of the lack of economic equality, and while on this front the South's discriminations are much more obvious than in the North, it is a difference of degree rather than of kind.

But the Negro problem is not the only one facing New Orleans. Higgins, the greatest of the employers, is a war baby. His plants may close down. Frantically he looks into every part of the world seeking things to make that can be sold. Along with the rest of the business community, Higgins has his eye on Latin America. Money is being raised here to build an International House, a club where visitors from Latin America will be entertained while they become familiar with New Orleans products. This is a port, and the city, even the state, is shipping-minded. Aside from New Orleans, the rest of the state has little industry, but all regard its present acquisitions as manna from heaven which must be kept in operation. Neighboring Mississippi is in the same boat, and an experience of some years ago in Mississippi points up the length to which this politically ultra-conservative region will go in its quest to obtain industry on almost any terms.

During the depression a business-man Governor was elected in Mississippi. He inaugurated a program known as BAWI, which means Balance Agriculture with Industry. A good slogan, it expressed only a hope, for Mississippi had little with which to attract industry. To make the plan work, Mississippi amended its constitution to permit the state to build and even operate factories. Twenty such factories were built. Each community voted on whether it would go into debt to build a plant. The bonds were guaranteed by the state government. The completed plants were leased by the community to Northern manufacturers for as little as a dollar a year. Since the state also had, constitutionally, the right to operate these industries, this ultra-conservative of American states had embarked on what was politically a clear case of socialism. Yet no one lifted his hands in horror. The experiment attracted little notice. The plants are still there, all operating during the war. The point seems to me to be that underdeveloped areas, no matter what they say about communism and socialism, will try anything in order to obtain a degree of self-sufficiency. That is in the American tradition of experiment, I suppose, and it speaks well for our vitality. Perhaps New Orleans and all the surrounding cities and states will some day really break through in just this unconsciously daring way.

Houston, Texas.—When you enter southeast Texas you get the idea that this whole area is on the make. The people here are lean, nervy and about as far from lazy as people can get. Even the familiar soft Southern drawl is stepped up into the characteristic twangy speech. Texas folk are in a hurry. They have places to go and things to do.

Houston is much too new and flat to be called beautiful. Its fame lies in its bigness, and it is getting bigger. Every year has seen it grow and the war has only accelerated a movement which Texans believe is inevitable anyway. In two years Houston has grown from 400,000 to its present 500,000. The second largest city of the South, only New York and Philadelphia top it in importance as a port. Houston is a farming center too. The county of which it is the seat has more cattle than any other in Texas, yet no one thinks of calling this an agricultural county or a lumbering center, even though as recently as 1920 these were the two bases of the state's economy.

Oil changed the picture. In all of Texas, oil provides money to every sixth person, either from payrolls, royalties, purchases or profits. There are no doleful prophets here about the future of oil. People talk to me about 100-octane gasoline and a whole frontier of new petroleum products, apparently limited only by the imagination and the research of science. They say that there are plenty of oil seams which can be tapped. The cost of finding them may be higher, but the oil is there to be found. Things look good to the Texans. They see the heavy chemical industry as a lusty infant. They dream of manifold uses for natural gas, a sort of Cinderella whose possibilities are just beginning to be recognized. To Texans, oil is not only for the lamps of China: it is for the prosperity of all Texans, from worker to Jesse Jones—"Uncle Jesse" down here, who dominates Houston with his newspapers, his banks, his buildings and his corporate holdings. There

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

is still a lot left, apparently, even when Jesse gets his, and it isn't only in oil. It is in cotton and a new steel mill. The world's largest—almost its only—source of sulphur is here; so are salt and iron ore. Into Houston come sugar and coffee and jute for hemp, some of which is worked here. Shipyards have sprung into being and one or two of them are owned locally. The head of one of these shipyards told me that he hopes to break down these yards into smaller units to supply the basic industries of Texas. He visualizes production of machinery for the chemical, oil and gas industries, air-conditioning for factory interiors, replacements and repairs for ships. The ship-repair idea interested me, for I know of no company in the South which makes anchors or ship chains. This is, of course, because of the penalties imposed by the basing rate and the freight differential on steel products, and I quickly learned that in spite of the booster spirit, there is no immediate prospect of breaking through these barriers.

The feeling that there is great industrial opportunity ahead in Houston has recreated the go-getter spirit of Detroit in the early twenties. Mechanics who handled precision equipment out in the oil fields have moved into the cities and set up shops where they make tools. Some get big, some stay small, but the feeling that the top is not too far away is very much alive. Perhaps that is the reason why no one talks about or even notices the growth of absentee ownership here. I cannot help but feel that healthy though Houston and Texas look, absenteeism is already more than a minor disease. The oil industries were started here by Texas capital. Today not one major company is owned by Texas people. The same is true of the major means of production in every field, but because Texas is still getting the spill-over of the wealth created here, no one notices much.

There are other reasons why absenteeism isn't visible as a factor in depressing the economy. This state was not heavily involved in the Civil War, its land was not devastated nor did slaves constitute any large percentage of its wealth. The carpet-baggers did not impoverish it. This gave Texas a unique place in the South and has led, I fear, to some delusions of grandeur.

Organized labor is weak here yet, as it is all through the South, but it is getting stronger. Its effect on the political life of Martin Dies is already known. There are other developments to be seen on this front which promise well for the future. The head of one of the shipyards operates an open shop. He told me that he hoped it would soon be unionized, for, said he, the strongest opponents of both communism and fascism in the United States are in the ranks of organized labor. If we are to avoid these evils, he went on, it will only be because smart employers who want to remain capitalists see to it that organized labor becomes strong. I could not judge how prevalent that attitude is, but it is hopeful.

Dallas, Texas. – Dallas is terribly crowded now, although only 50,000 people have been added to its 1940 population. To a seasoned traveler in war-mushroomed cities, 50,000 aren't many, but here they have posed a big housing problem. To these 50,000 newcomers must be added a tremendous hotel population. Many military men visit here, since this is the headquarters of the Eighth Service Command, but many more come on business.

"Business" means many things in Dallas. First and foremost, it means merchandising, for historically Dallas has been the wholesale distributing point for this huge state with its hundreds of small towns, and for neighboring states as well. The downtown streets resemble those of Chicago or St. Louis, with wholesale units selling drygoods, clothing and other staples. There is a resemblance to New York, too, in the busy women's-apparel-manufacturing industry, complete with its own school of design. Before the war this industry was largely dependent on low labor costs. Today it is paying competitive wages and it is confident that it will in the future maintain its present high volume along with a decent wage scale.

Unionization in the textile field is coming to Dallas. Interestingly, it arrived first in the shop of an operator who ran away from New York in order to escape high wages. In spite of low wages, his inefficient operations jeopardized the future of his business. The union came in, promised to revamp operations and help with finances. It made a complete survey, advanced funds for technological improvement and proceeded to make the shop one of the most profitable and most economically operated in the area. Competitors succumbed, and the movement toward unionization was on its way. It has gone so far that both the head of a large garment factory here and the general manager of the Chamber of Commerce agree that any manufacturer who comes to Dallas solely because he wants to find low wage levels will be deceived. Textiles depend on cotton, and though industry and oil have arrived in Texas, cotton has not yet been dethroned agriculturally.

Meanwhile the gap between the wages of agricultural workers and city workers causes many of the political woes with which the North has become familiar. O'Daniel and the present Governor, Coke Stevenson, are good examples. Both derive their power from the poor farmers' vote. Yet these politicians have a tight alliance with the anti-Roosevelt, anti-union bankers, industrialists and business men who in the main supply the politicians' funds and get the benefits of their policies. The National Farmers' Union and the CIO are seeking to bridge the gap here as elsewhere, and in a few notable instances have done it on the political front, but the quickest results have come in those areas where whites, Negroes and Mexicans are building up economic relationships which make it difficult to foment misunderstandings between them.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Texas' problems are intricate. This largest state contains feudal landlords of cotton and cattle, frozen into the mold of the Old South, which naturally results in a heavy percentage of sharecroppers and tenant farmers. Its bankers, merchants and big agricultural interests place great dependence on the cotton economy. Even though industry is new, too much of it is already in the hands of outside interests. The freight-rate differentials and the tariffs which plague the whole South hang over Texas as well. Quite a list of ills, yet here more than anywhere else in the South there is real hope. For while the Texans do brag, they create. While they are bitten with the conservatism of an old farming country, they are eager to tap rich, new resources. Though they are provincial, they think in large terms in this colossus of the states. A. G. MEZERIK

The Real Issue in Spain

THE LIBERATION of France has set in motion a wave of optimism for an early overthrow of General Franco's fascist regime in Spain. From inside Spain come reports of growing popular unrest and successful guerrilla operations. In France, an estimated number of 18,000 Maquis, integral units of the FFI, and tens of thousands of other veterans of the Spanish civil war, are clamoring for resumption of the struggle that ended in 1939. All over the world fresh attempts are being made to bring about some sort of agreement among the multitudinous anti-fascist parties, factions and splinters in exile which had supported the Spanish Republic. What is the possibility of an anti-fascist revolution in Spain?

In spite of internal stirrings, the prospects for a timely fall of the fascist curtain in Spain are not very encouraging. While the great majority of the Spanish people are opposed to Franco, and while Loyalist partisans are doing some damage by attacking Franco's garrisons, blowing up railways and freeing political prisoners from crowded jails, effective opposition is weak. The guerrilla forces are poorly equipped. Their actions are sporadic, manifestations of protest rather than expressions of a coördinated general plan to end fascism. Franco, on the other hand, has at his disposal all the coercive mechanisms of fascist tyranny: a battle-proved army of Spanish and Moroccan mercenaries, with airplanes and tanks; a vigilant secret police; a fanatic party, the Falange; and the support of capitalists, landowners and clergy, who, in spite of bickering among themselves, are committed to his regime.

Because an internal revolution is impossible at this time without help from abroad, the activities of the Spanish Maquis along the French-Spanish frontier have aroused considerable interest. Republican forays across the border in the middle of October apparently created a situation critical enough for the Franco authorities to close the frontier and suspend railroad traffic between Hendaye (France) and Irun (Spain). A Spanish offer to General de Gaulle, on October 11, for joint liquidation of the Spanish Maquis also indicates fascist apprehension over their activities. And the withdrawal of the Spanish units in the FFI by the French government to a point twelve miles from the border suggests that frontier incidents, if they have not taken place, are expected. (On October 26, Associated Press correspondent George Tucker, after personal inspection of the entire frontier and interviews with commanders of the Spanish Maquis, reported that no attacks on Spain had been made from French soil.)

The participation of Spanish Maquis in a Spanish revolution depends, therefore, on the French government's attitude toward Franco. The French resistance movement, of course, is indebted to the Spanish units in the FFI for their aid in liberating France. It is cognizant that, as the newspaper Franc Tireur put it, "France will not be fully free so long as Spain is in captivity." The new French Foreign Minister, Georges Bidault, although a devout Catholic and former rightist, stanchly supported the Republican cause during the Spanish civil war in his paper, L'Aube. But political influence, designed to prevent a rapprochement between de Gaulle and Franco, requires more than the good will of the French people or of sympathetic French leaders. It requires direct liaison between a united Spanish emigration and the French government. It requires political recognition.

Unfortunately, the political life of the Spanish emigration is characterized by constant ideological squabbling among its numerous factions, a hangover of the civil war.[1] But two main groups are now emerging, one inside Spain and France, the other in the Western Hemisphere. In France, the Spanish National Republican Union claims the support of 80 percent of all Spaniards in that country. Founded underground in Grenoble in December, 1942, it includes members of all parties, from the Communists and Anarcho-Syndicalists to Gil Robles' rightist Catholic Popular Party, as well as Basques and Catalans. It is in contact with, and receives directives from, the underground Supreme Council of National Union in Madrid which claims to lead the anti-fascist fight inside Spain.

Both organizations have been denounced as Communist-controlled by Republican groups in the Americas. The latter, fearing that they may miss the boat, have suddenly buried their ideological hatchets. Mar-

[1] See my article, "Franco Prepares to Change Sides," in The New Republic, October 4, 1943, pp. 446-8.—H. E.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

tínez Barrio, the last President of the Republican Cortes and a rightist Republican, has finally made peace with Indalecio Prieto, the former Socialist War Minister. They have set up a Committee of Liberation in Mexico City, with the intention of ultimately forming a government-in-exile. More recently, Juan Negrín, the last Republican Prime Minister, seems to have ironed out his differences with his party comrade Prieto which had resulted from Negrín's coöperation with the Communists in the later stages of the civil war. Negrín, now uneasy about Communist coöperation with Gil Robles, has apparently broken with them.

The anti-Communist attitude of the Martínez Barrio-Prieto-Negrín combination may mean their political suicide. As in all European liberation movements, the Spanish Communists are the best disciplined, best organized and most energetic group. Whatever one may think of their line of coöperation with rightist parties, effective anti-fascism in Europe is hard to visualize at present without Communist participation. Spain is no exception. That the Supreme Council in Madrid and the Republican Union are under strong Communist influence merely proves this point. No campaign of slander and abuse, similar to that directed against Tito in Yugoslavia, can obliterate the Communists. The Republican Union in France is the first effective organizational effort on the part of exiled Spanish Republicans to present their cause to the world since the fall of the Republic. In contrast to this group, one feels that the Liberation Committee in Mexico City operates in a political vacuum.

Communist strength inside Spain and among the Spanish Maquis in France derives, of course, from the moral support they receive from Moscow (or the credit they take for Russia's military victories). Of all the great Allied powers, the Soviet Union alone has never recognized the Franco regime. While Mr. Churchill has "kindly words" for Franco, the Moscow radio has repeatedly called in recent weeks for his overthrow. Is it surprising that large masses in Spain and Spaniards in France look upon the Soviet Union as their only ally, that they line up with the Communist Party?

But the Soviet Union cannot single-handedly force a change in Spain without endangering the Anglo-American-Soviet coalition. While it may be possible to influence the United States to take stern measures toward Franco because public opinion can be mobilized for their adoption, Britain, under Mr. Churchill at least, will hardly follow suit. Mr. Churchill, as ardent an advocate of British imperial interests as of the interests of his own Tory class, has a keen understanding of the real issue in Spain. This understanding is shared by Stalin, with the difference that what Churchill fears, Stalin welcomes. For the real issue in Spain is not political democracy, but social revolution.

"The Spanish revolution," wrote Stalin in his famous letter of advice to Prime Minister Largo Caballero a few weeks after the outbreak of the civil war, "follows its own course, different in many respects from that followed by Russia. This is due to the difference in social, historical and geographical conditions, and to the necessities of the international situation, which differ from those accompanying the Russian revolution. It is quite possible that the parliamentary way may prove to be in Spain a more effective instrument for revolutionary development than in Russia."

Stalin's shrewd evaluation of the revolutionary character of the Spanish civil war differed strikingly from the sanguine exhortations of other foreign friends of the Spanish Republic. Ignoring the revolutionary aspects of that war, they rallied "in defense of Spanish democracy." But Spain's peasant and working classes who had taken up arms in July, 1936, were not in a defensive mood. On the contrary, they were fighting a social revolution as well as a civil war.

Stalin wrote his letter when he realized that the Spanish civil war had become an international war. He spoke of "the military and fascist clique [in Spain], which is nothing but an instrument of the international fascist forces." He knew the danger of continued, uncontrolled revolution for the successful prosecution of an international war. He did not want to suppress that revolution, but was anxious to channel it in a direction which would guarantee its victory in a situation threatened by the dissipation of revolutionary energy. Largo Caballero rode the revolutionary tide, but, unlike Lenin, did not control it. The Spanish revolution had saved the Republic when the fascist rebellion broke out. But the rise of Spain's revolutionary masses also meant the Republic's burial.

Revolutions do not "begin" or "end" at given historical moments. The Spanish revolution which Stalin had in mind did not "break out" in 1936, when the civil war began. And it certainly did not "end" with the Loyalist defeat in 1939. It is still going on underground in Franco's Spain. But the Spanish Republic died. Not, as is generally assumed, in 1939, when Franco's legions marched into Madrid, but in 1936, when Workers' Committees sprang up all over Spain. The Republican government then lost all practical authority. The committees became the real rulers of the country. They organized the militias which defeated the insurrection in Barcelona and Madrid. They organized the terror which dealt with the counter-revolutionary enemy within Republican territory. They took over and operated factories and estates left by their former proprietors. This wildcat revolutionary period of the civil war, between July, 1936, and May, 1937, crystallized the social aspirations of Spain's revolutionary masses. What happened then gives a better key for the future than any verbal party program.

The insistence of the Committee of Liberation in Mexico City on the restoration of the Constitution of

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

1931 seems anachronistic and quixotic. The overthrow of the Franco dictatorship can only mean social revolution. There can be no return to the Republic of 1931, which, for all its merits, had failed to establish a firm equilibrium of social forces. During the five years of its existence, the Republic was torn by violent class struggle which was climaxed in the rebellion of the army, backed by the vested interests and the clergy, and in the revolutionary rising of the agrarian and industrial proletariat. The Franco dictatorship has only intensified this struggle. It is difficult to see how a liberal Republic could solve it. Spain, even more than Italy and France, is in need of fundamental social change. When the eruption comes, it will be more violent and bloody than elsewhere.

This Mr. Churchill knows and fears. This all reactionaries in Great Britain and the United States know and fear. It explains their support, open or veiled, of Franco and his regime. It explains Franco's own efforts to endear himself to the democracies. It explains his hints that he is inclined to restore the monarchy. And he knows that only Anglo-American support can keep him in power.

Liberals must make up their minds on the Spanish issue. If they want the overthrow of Franco, they must face the inevitable consequence of social revolution in Spain. No British or American-backed puppet government of monarchists or liberal Republicans of Martínez Barrio's persuasion will do. The course of the Spanish revolution was set long ago. Democracy in Spain, *i. e.*, power in the hands of the people, means socialism. There will be no middle course. HEINZ H. F. EULAU

The PAC and the Future

THE CIO Political Action Committee was, without a doubt, the novelty sensation of the 1944 campaign. The PAC gave more Republican die-hards more nightmares than the combined "horrors" of the New Deal ever produced. "Clear It with Sidney" now goes down in party histories with "Rum, Romanism and Rebellion" and "Keep the Pope Out of the White House."

It must be left to political historians finally to evaluate the PAC's contribution to President Roosevelt's victory, but the professional politicians are already agreed that it gets the largest single piece of credit for returning the Democrats to power in 1944. Without the new zeal and enthusiasm which the PAC brought to this campaign, the Republican prayer for a small vote might well have been granted.

The strategists of the PAC are proud of the job they did. But they also remember the mistakes they made and the many things they should have done that they never quite got around to doing. The question now is, how much did labor learn from its debut in national politics? How much did progressive forces outside the labor movement learn from the CIO or from their own National Citizens' Political Action Committee? How much have both groups learned from the political failures of the New Deal? In other words, what is the outlook for liberal political action?

The future of the PAC was an item on the agenda of the annual CIO convention which opened in Chicago a few days ago. Immediately, the announcement was made that the PAC would be continued, and no one was surprised at this outcome. The success of the PAC had been too great to admit any other development. It remains to be seen, however, whether it will be given enough moral and financial support to make labor a first-class political power.

Practically all the best brains of the CIO have been so busy directing front-line action in the campaign that they have had no time at all for post-election planning. The time between November 7 and the convention on November 16 was so short that there was not yet time to tell the convention the whole story of what was done. When that story is told, it will show the PAC has made the right beginning by taking a broad approach to national welfare and security. All its support in the campaign was based on (1) winning the war, (2) securing the peace, and (3) the special interest of labor—in the order named. Men like Senators Pepper, Hill and Hayden were given PAC support even though they had voted for the anti-labor Smith-Connally bill, an unprecedented action for labor, far in advance of what the national AFL and Railway Brotherhoods were willing to do. The PAC can report that as a result of this approach the lines are laid for integrating labor deeply into the life of the community. The immediate practical results of the approach are now history. The PAC's report to the CIO will show that it has been following the right path for the protection of labor from the storms that lie ahead, blocking reaction's desperate efforts to isolate labor from farmers, from veterans, to split labor itself, to deny the *citizenship* of labor.

If the CIO acts on the PAC's report in the time-honored American political tradition—which is to fight a campaign with full strength, then to dismantle the national political machinery for a four-year lay-off—the forces of reaction can ring up a score for their side. Local and state organizations keep up at least half-steam in the off years, to be ready for intervening city and county elections, but the national committees of the two party organizations habitually strip themselves to the bone for three years out of each four.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

When the New Deal came into office, at least a few liberals who knew something about politics understood that this tradition would have to be changed if the New Deal was to develop into a real political movement. After the 1936 election, a move was begun in the direction of an intensified political-education program through the Women's Division of the Democratic National Committee. These women took as their slogans, "Campaigns Are Won between Elections" and "Elections Are Won in the Precinct." The dogged work of the two women who directed the program was largely responsible for the substantial popular vote in 1940 and for the upsurge of progressive political activity among women which occurred in those years. Helen Gahagan Douglas, Mrs. Paul Douglas, Margaret Connors, Dorothy Roosevelt and Verda Barnes, now women's director of the PAC, were among the many who turned to politics under the impetus of that 1936-40 "between-elections" program.

But in 1940, tradition reasserted itself. Even the meager funds which had been available for the education program were cut off. The Democratic National Committee sank back into torpor between elections. The kind of campaign which the Democratic National Committee waged this year is sermon enough on the evils of allowing one's tools to grow rusty. National headquarters in New York's Hotel Biltmore was the usual mess of confusion and contradiction, but this time more obviously so because of the presence a few blocks away of political headquarters that were vibrant centers of popular enthusiasm. The CIO-PAC, the National Citizens' PAC, the Committee of the Arts and Sciences and the Independent Voters' Committee for Roosevelt all overshadowed the Democratic National Committee in accomplishment and spirit.

The Democratic National Committee is a tired old thing because, for one reason, its battery is dry. For lack of information and education, the spark plugs in the party organization have lost their vitality and no longer have the strength to fire their local fellow workers. This can be either the lesson or the fate of the Political Action Committee. A political-action program geared to run at full speed in 1945 and 1946 as well as in 1948, is necessary. It will cost time and energy and money. No political movement in America has yet been willing and able to pay that price.

If the CIO wishes to make its PAC into more than a once-every-four-years campaign mechanism, a large-scale program will be called for. The major parts of that program have been laid out in the course of the 1944 campaign. The post-election future of liberal political action will require such things as these:

1. The continuation of the CIO-PAC, with an expanded program.

2. The assumption of three basic functions: (a) political organization, (b) legislation, (c) public relations.

With regard to (a), some two thousand city and county elections are held each year, providing a definite point at which PAC can attack the problem of sound local government, encouraging labor men to stand for office at all levels, renewing interest in local government and reviving interest in citizenship.

On point (b), the PAC can continue to ride herd on those men it helped elect, canalize the legislative activities of local PAC's in line with labor's current objectives.

On point (c), the PAC should use radio, movies, labor, the Negro and the foreign-language as well as the commercial press, to tell the story of a citizen's responsibilities to his community and nation, to solidify progressive forces and divide the enemy.

3. There should be continued emphasis on women's activities in the PAC. The 1944 PAC campaign again demonstrated that women are unusually ripe for political action. Local union men have been impressed by the fact that women PAC-ers are willing to do the "Jimmie Higgins" (thankless, routine) jobs like ringing doorbells. Inevitably, as labor's political organization develops, women will be needed for these key, though dull, precinct jobs. For the many unions without auxiliaries, the women's political activities will help fill that need for a program also.

4. A streamlined public-relations program is necessary. Perhaps this is the most important point of all, for in the past it has been the spot of greatest deficiency in the national CIO. Here labor leadership has shown itself hopelessly old-fashioned.

In this campaign, the PAC has broken that log-jam. For example, its publicity department has put out from the national office alone more than 110 million pieces of literature, printing and distributing 25 million pieces in one eight-day period alone. The high quality of the pamphlets, throw-aways and other PAC materials has been reluctantly conceded by such stern critics as Tide, advertising trade journal, and Time.

There is no assurance that Philip Murray and other responsible CIO leaders recognize the significance of this public-relations accomplishment. Unless they do, it is a waste of time even to list the other, extensive information programs that will be required to make labor a first-rate political power.

The future of liberal political action in this country is limited only by the imaginations of the people who directed the CIO-PAC and the NCPAC in the 1944 campaign. If those people see the job ahead clearly, they will see their responsibility for getting that job done. They will thus be able to transmit their vision to the heads of local and international unions and the heads of the non-union liberal groups who must finally decide upon what is to be done. We can save years of struggle by giving political action a permanent, important place in the lives of all liberal Americans now.

HELEN FULLER

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Washington Notes

Post-Election Miscellany

DURING THE LATE unlamented presidential election, "incidental notes" accumulated alarmingly in this department's files. This is an effort to work them off.

President Roosevelt didn't say "this —— —— thing won't work" on election day when the voting machine stuck. All he said was, "this —— thing won't work." That puts quite a different complexion on the Glendale, California, Ministerial Association's demand for an apology for what it termed his "shocking profanity." They should know the distinction between a "blank-blank thing" and a "blank thing." All the difference in the world.

Final summary of election returns: In 12 years Mr. Roosevelt has won four straight victories by such a margin that the combined total of electoral votes received by his four opponents—Hoover (59), Landon (8), Willkie (82) and Dewey (99)—would not have elected one candidate. The four combined equal 248 and it takes 266.

Current stories about Hitler's bad health may be true, but after watching a section of the American press kill off Roosevelt during the election, I wonder about the Führer —though I hope for the best. In America when the election ended, the "tired old man" was back at his desk working hard; his "vigorous young opponent" went down to Sea Island, Georgia, to recoup strength and health.

The AFL Cleveland Citizen declares a Reader's Digest reprint of its editorial chiding the PAC for alleged inconsistency, had sentences and qualifying clauses dragged out of context and rearranged, to make it appear as a general attack on Hillman as a Communist, and terms the editing "an obvious falsification, a complete and deliberate distortion." It turned The Digest's $50 check over to Labor's Joint Committee for Political Action.

Succinct comment on the campaign printed as a letter to The New York Herald Tribune from Helen Gordon Hampson, of Cold Spring-on-Hudson, November 8, herewith quoted in full: "The election shows how shockingly the American people have deteriorated during the last twelve years."

A just completed study by the FCC reveals that while total installation of telephones jumped from 14 to 23 millions between 1920 and 1940, the "number of farms having telephones dropped 39 percent." The ratio of farms with telephones to all farms (38.7 percent in 1920) dropped 13.7 percent in 20 years (25 percent in 1940). Why this astonishing change? The FCC says: (1) During the period of falling farm income, farm-telephone-service cost was increasing; (2) coöperative telephone companies were declining; (3) "extension of control and influence by the Bell System over independent companies changed the policies of the latter so that greater emphasis was placed on maintaining and increasing rates rather than lowering rates."

Obituary for the Dies Committee (from the November 20 Report of the American Federation of Labor's Executive Council to the Sixty-fourth Annual Convention): "Special House Committee to Investigate Un-American Activities. -- This committee, which has done excellent work over a period of years, despite powerful opposition, has consistently been supported by the American Federation of Labor. At present it is engaged in investigating the Political Action Committee of the CIO." (The foregoing paragraph is complete and unabridged.)

This department lost a lot of love for President Roosevelt last week when he kept 150 newspaper correspondents standing one hour and seven minutes outside his door for a scheduled 10:30 a.m. press conference. Roosevelt is getting tardier and tardier. Secretaries can't do anything about it. There is one story of a man who got "five minutes" from grudging secretaries to see the President. But on advice of a friend he took a 25-cent bag of peanuts along. Sure enough, 40 minutes later he was still chatting with FDR, and the interview didn't end till the peanuts did.

I understand Belgian Ambassador Straten-Ponthoz may soon leave Washington. . . . Washington press irritation is growing over the off-the-record conferences of General Marshall and Admiral King. They are arranged as social gatherings by sponsors who arbitrarily omit some of the largest newspapers, include others.

The "Peglers" of the air—Boake Carter, Upton Close, Fulton Lewis Jr.—all seem to end up on the Mutual circuit, a large chunk of whose shares is owned by Chicago Tribune McCormick. Anti-British, isolationist Boake Carter died last week, following a broadcast over a Mutual outlet. Next to Upton Close, Carter was perhaps the most demagogic so-called "news commentator" ever to get into American radio big time. He had slipped pretty far, however, when his end came. NBC is dropping its own program featuring Upton Close (his real name is Josef Washington Hall). Close has certainly been very mild in his criticisms of the Nazis and the Japs. But Close will continue his news "interpretations" on Mutual, where he is sponsored by the Lumbermen's Mutual Casualty Company. (The point here is that the president and board chairman of Lumbermen's is James Scott Kemper, isolationist GOP national finance committee chairman.)

John Maynard Keynes has worked out a Lend-Lease agreement with Harry Hopkins, to be put into effect when Germany is defeated, that will be front-page news when published. It's one of the big agreements of the war. My understanding of it: The British won't get the $3 billion of United States Lend-Lease goods for export trade that they wanted. But they will get our pledge to continue Lend-Lease munitions and food shipments "*at same rate*" as now, after Germany is defeated. The crucial point here is that this will permit about *30 percent* of British factories, now making goods of war, to reconvert to civilian production after Germany goes down, and to use the interim period before the Japs are beaten to revive export trade and re-equip industries for postwar competition *at about the same rate as American industry*. The agreement will permit Britain to step up her dietary level, carries a concession on shipping and will probably be accompanied by a request to Congress to grant a big credit to Britain, outside Lend-Lease.

Washington T. R. B.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

The Miracle of Morton

PRESTON STURGES' first biography, "The Great Moment," is a comically turned life story of the Boston dentist, Dr. William Thomas Green Morton (Joel McCrea performs in this role almost as naturally as the doctor might, perhaps with even less idiosyncrasy), to whom it credits the discovery of anesthesia. It has as much slapstick as most Sturges films but is likably his least vacillating, tricky and cynical one. Sturges probably wanted to make a biographical film that was more down to earth than film memorials usually are, and he succeeded in some ways. Morton, whose impetus for inventing painless dentistry was, the picture says, to stop his patients from leaping about so he could do neater work, spent the last twenty years of his life trying to make the public believe he had discovered etherization, died without a dime, recognition, happiness or peace of mind. Sturges makes him even less glamorous but more natural than Hollywood's Wilson, Bell, Pasteur, Curie, Edison, Zola, etc., by giving him little humor or obvious wisdom, only an average talent for his work, and a wife (Betty Field) who is on the silly side, ignorant for the most part of what her husband is doing and anxious for him to make more money rather than discoveries. Most of the public, all of his fellow dentists, and the medical profession give him as little help as possible.

This is Sturges' most humane movie and his least slippery one. There is much less sharp wavering in his estimation of ideas, and little nose-thumbing. He seems glad that his hero is not money-mad, that anesthesia was invented; he is determined in the presentation of the fact that the public is for the most part uncharitable to inventors or inventions; his people aren't turned so completely and mercilessly into dupes, fools or sadists, but, without oversimplifying them one way or another, he leaves them dominantly mean-minded, silly, avaricious, kindly, snobbish, and he allows them to move, breathe and reason with more personal freedom than his characters have had before.

The story and situations, however, are pretty much traditional Hollywood biography. The film sticks very close to the most successful events of its hero's life; it is play-like and cardboard-like and somewhat trumped-up. If Sturges wanted determinedly to make a realistic biographical film, he probably was working much more than he usually does against the grain of his studio, which, like all the rest of Hollywood, has firm ideas of what morality and tone should be in such a picture. This may have produced what seems to me a somewhat enervated and tight Sturges movie. But part of the tightness must also have come from Sturges' own fascination with the problem of success, which he has been gnawing at for some time in his films. Heretofore his answer has been that the greatest success in terms of money and fame can be had by anybody with the aid of luck, trickery or something fortuitous which seldom has much to do with how good or able the person is. In this picture he is definitely interested in the great trouble a man had in achieving success, and in the fact that what success the man had was followed by twenty years of miserable failure; and though he says this, his picture is designed to spend almost all of its time, in the traditional rosy manner, on the more fortunate moments. His knowledge of and interest in the non-American-dream quality of Morton's career seems to have been suffocated by his interest in whatever there was in the career that looked good. This, which is apparently a conflict in purpose (not to forget the studio), has made the picture less robust and might explain why so much ill fitting slapstick comedy has capped each serious scene.

"The Great Moment" is still very pleasant, on the light side with a few scenes of sharp effect. One is its picture of the epic moment on September 30, 1846, when Morton put his first dental case (William Demarest, still likable but very stereotyped now) under ether after tricking him, in a funny scene, into taking it; following this, much of the suspense, horror and fascination of a mysterious event is projected by the look and walk of his wife as she stares at the operation. Another is the result of some blood-curdling operating-room sounds on the occasion of the first medical surgery under anesthesia. A final one is an aptly dramatic and surprising curtain line. There are also a number of nice perceptions and business, including McCrea's gesture when he says he likes to do "neat work," the damning portrait of President Pierce as an idiot, the entrance of four petty minds of the medical profession into an operating room underneath the outstretched, unstinting arm of a huge plaster statue of Hippocrates, and McCrea's loving attitude toward the decorative quality of a lamp in his dental office. It is not what you would call an important movie, but it is engaging.

MANNY FARBER

A Communication

Permanent Prosperity After the War

SIR: Writing in the July 31 issue of The New Republic, on "The Role of War Savings," Mr. W. S. Woytinsky points out that we need not have a postwar crisis and depression soon after hostilities cease because—as was not possible after the last war—the gradual liquidation of war savings will provide "new and practically inexhaustible commercial outlets which did not exist before the war." The flow of war savings back into circulation, if adequately guided into consumer goods and business capital, will make a period of unemployment and business stagnation unnecessary. We have the excess fat, if properly used, to carry us through.

Mr. Woytinsky says that "by the end of the war the nation will possess a possible $250 billion in savings and liquid reserves—several times the amount of its prewar annual income." This is a lot of excess fat, and it may not be too well distributed over our industrial framework for peacetime activity. The question raised here is whether in the process of redistributing it and using it to get our industries going promptly, we may not find ourselves trying to build a permanent prosperity on it and come to a grand smash-up, ten, fifteen or twenty years from now.

We agree that just as some increased spending and even some rise in prices stimulated production and full

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

employment upon our entering the war, it may now be well for some of the war savings to be spent for "durable goods (cars, washing machines of tomorrow, refrigerators, miracle kitchens and the like)," in order to stimulate rapid reconversion to the production of former and new peacetime goods and to help maintain full employment. It will be well, too, that some savings be transferred to plant investment in reconverting to peacetime goods.

We agree also that many people have made war savings at the expense of their standard of living and must necessarily do some spending to catch up. We insist, too, that the American people must have a better standard of living in the future, but we hope that they will not try to achieve it on savings unless they can maintain it out of earnings. One of the very grave dangers of the postwar period is that we will not only try to build an industrial prosperity on war savings, but will try also to maintain it on them.

We did something parallel to this after the last war. We built, not so much on war savings because, unfortunately, they were largely dissipated by war inflation, but rather on foreign and domestic credits. During the twenties we loaned the outside world $9 billion net, for which we sold goods. During the same period, domestic instalment sales increased a full $9 billion. These credit sales were one of the principal bases for the prosperity of the twenties.

During that decade, prices of finished goods remained quite stable, perhaps largely by accident, but partially at least under the influence of conscious fiscal controls. This stability of prices fooled many of the best economists and business men of the country into thinking that an adequate economic equilibrium existed and that our prosperity was sound and could continue indefinitely. They overlooked the fact that, while we were building up a great business prosperity on foreign and domestic credits, costs of production were falling, leaving an increasingly wide gap between costs and the prices of finished goods. The resulting greater profits to industry were used to finance the sales of finished goods both at home and abroad, and also to speculate in stocks, thus bidding up the money values of the industries themselves without increasing their productivity. It did not matter that the declining costs were the result of more efficient operation arising out of better organization, better machinery and all the efficiencies of mass production rather than of a fall in the wage bill. The result was that the ever increasing supply of goods had to be sold to those to whom credits could be extended, foreign or domestic, rather than to the mass of people who were still getting the same old wages and salaries.

There came a time when sales to foreign lands could no longer be maintained on credit; and when firms curtailed their output and laid off employees, the domestic sales, too, collapsed. Not only were instalment sales curtailed, but people could not buy what they needed because their reduced incomes had to go in part for payments on past purchases.

The result we well know. The liquidation which would have been necessary in order to bring about sufficient economic balance to enable business to start up again after the crisis was so great that we refused to face it. Political and social, as well as financial, bankruptcies threatened us. We would not—probably we could not—go through with it and we chose moratoriums instead.

Back in the twenties when costs were falling, prices should have been commensurably reduced, in order to spread the savings resulting from increased efficiency among the people as a whole. Of course, wages of certain underpaid labor groups should have been raised first, but in any case, the savings resulting from the increased efficiency should have been passed on to the public so that it could have bought the goods produced. A further discussion of this leads us too far afield.

Returning to the present problem of building a postwar prosperity, the parallel is clear. It will probably be necessary and desirable to stimulate the production of old and new peacetime goods by spending some of our war savings for consumer goods, but it would be wasteful, unfair and ultimately disastrous to build prosperity upon an annual flow of savings thus spent. We have no ethical right to ask Mr. Average Citizen to buy the products of industry out of savings when he should be able to buy them out of his current earnings. No increase in a standard of living is of real worth unless it can be supported by current earnings. The industries themselves would be riding for another disastrous depression unless that were so. Indeed, the whole future of "free enterprise" and our way of life depends upon it.

While we must not ask holders of savings to spend large amounts of these savings for consumer goods, we should expect them to become investors in industry and eventually transfer a large part of their loans from government to industry. They must join in the ownership of industry and improve their standard of living by receiving their full share of earnings from their capital and their labor. Instead of industry's building a mushroom prosperity on selling its products for savings and trying to hoard its earnings, as it did in the twenties, industry must build its future on its own current earnings and create the purchasing power for the distribution of its products as it goes along. If, contrariwise, it sells its goods for savings rather than for current earnings, and then expands its plants out of retained earnings not altogether its own, it will in the long run appropriate the savings of the public, and when that is done, collapse into serious depression.

If savings are unwisely or indiscriminately returned to industry as investments, the results will also be disastrous. Investors need to assume the risks of new and productive enterprises, but they must not invest their savings in either new or old industries beyond the capitalization of their normal earning power at the current investment rate of interest. The added investments must add to the earnings of industry and therefore pay their own way. Otherwise, savings so invested will simply be building up the speculative value of the plants. This is most likely to occur where improperly distributed or undistributed plant earnings exist, causing savers to invest in the hope or belief that the excess earnings will be permanent. This is, again, a part of the story of the twenties.

We have now the threat of an inflationary speculative boom caused by this condition. At the end of 56 months of war, the prices received by farmers for their products had advanced 120 percent, while the prices paid by farmers had advanced only 38 percent. As a result, speculation in farm lands has already advanced beyond what normal farm earnings can support. The Federal Reserve Bank of Chi-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

cago, in its May, 1944, issue of Business Conditions, reports that, in its district, land values have already advanced above normal. The report states that in Wisconsin land values have advanced 31 percent above normal; in Iowa, 40 percent; in Michigan, 46 percent; in Indiana, 53 percent; and in Illinois, 61 percent. By "normal" is meant the value which the earning power of the farm lands can expect to support year after year.

If this trend continues, and people use their war savings for paying more for land than it is worth—perhaps even borrowing to finance their purchases—the agricultural industry will have to face a crisis in the not too far distant future, followed by a depression and a long, painful period of liquidation—and this, in spite of the success of present price controls over practically all ordinary commodities. Therefore, it is just as essential that the flow of war savings into capital investment be kept in balance with what industry will permanently support as it is that savings be spent for consumer goods only as needed to stimulate production and keep it in even flow.

War savings may be used to prevent an immediate postwar depression, but permanent prosperity must be built and maintained on a full and complete distribution of the earnings of industry. Industry must learn to create and distribute the purchasing power along with the goods.

Milwaukee, Wis. HAROLD T. SMITH

The Bandwagon

TOMORROW'S AIR AGE IS HERE
Who will own it?
Will we live in it?
—Or die by it?
Will we visit London in 3 hours?
—Or bomb Moscow in 5?

– From The Viking Press's advertisement of "Winged Peace," by Air Marshal "Billy" Bishop, in The New York Times.

LA DONNA GLENNIE – Dares to Preach a New Message of Hope
11 A.M.—"The Cup of God's Wrath"

– From an advertisement of the Calvary Tabernacle, in The Los Angeles Herald-Express.

"It's not what you spend but how you spend it," say the heads of Altman's decorating department, and to emphasize this often-heard adage, they held a press review yesterday afternoon of five new living rooms for five budgets—ranging from $1,000 to $5,000. – *From The New York Times.*

I have no past political record that needs justification and clarification, such as my opponent has. . . . I was the Democratic candidate for Town Clerk in 1941 and for Justice of the Peace in 1943. Not having been elected to either of these offices, my record, therefore, is nothing to be ashamed of.

– From a statement by Frank J. Erwin, Democratic candidate for Congress from the Thirty-eighth District of New York State, in The New York Daily News.

Think Fast, Mr. Moto

This is the first time, so far as Miss Reighard knows, that puppets have been used in this country for political purposes.

– From a story on the citywide tour of Miss Reighard's puppet show to get out the vote, in The New York Herald Tribune.

And Never the Twain Shall Meet

"Probably I will go with the Republicans in the House on purely partisan matters," Bennet said, "but in other matters, particularly measures having to do with international coöperation, I will vote for what seems to me to be the right thing."

– Augustus W. Bennet, who defeated Ham Fish for election to Congress from New York's Twenty-ninth District, as quoted in an AP dispatch from Newburgh.

Our readers are invited to contribute to this column; $1 will be paid for each item used. Address Bandwagon, care of The New Republic. Please enclose the original clipping. – THE EDITORS

Correspondence

The Big Broadcast of '44

SIR: Unless your readers had their radios tuned in to the Democratic National Committee's one-hour broadcast of November 6, it's probable that they have no knowledge of what may well prove to be a milestone in United States electioneering. With the exception of The New York Daily News, the press in New York confined its report of the broadcast to the concluding 15 minutes, during which the President spoke. With all respect for the President, it was the first 45 minutes which deserve attention.

According to The News, those 45 minutes were "flamboyant" and "garish"—"the strangest wind-up of a presidential campaign this country has ever known." But at least The News knows what's interesting when it hears it, and its reporter was reasonably accurate when he said that the broadcast "resembled nothing so much as a good old-fashioned campaign parade, complete with torchlight, red fire, bands with more brass than harmony and loyal party workers fighting the good fight."

The crack about the lack of harmony aside, the broadcast did have the enthusiasm and expansiveness of old-fashioned political parading. And what a parade—from one end of the country to the other! The broadcast, moreover, conveyed the exuberance which remains a national characteristic, not with torchlights (they don't broadcast so well) but with superior writing, speaking, singing and all-round showmanship. The theatrical people who gave their services—among many others, James Cagney, Humphrey Bogart and Earl Robinson, who contributed a song that should be heard again—gave the proceedings sincerity as well as expert timing. And the ordinary men and women who spoke up for FDR—a navy man from Tarawa, a housewife, a merchant mariner, an army flier, a tenant farmer, CIO and AFL workers, a veteran of the Battle of Anacostia Flats, a Civil War survivor—indicated something of the breadth and diversity and experience of the nation. Having the President introduced by an 18-year-old Georgia girl who was voting the next day for the first time was, if a stunt, a good one.

For my money, the broadcast was the most effective single thing that radio has done to stimulate interest in a political campaign and one of the most effective things it has ever done to prove its potential public usefulness. The particular technique employed for this occasion could obviously be overdone, but it was a relief from conventionality (How flat little Mr. Dewey sounded afterward!) and a pointer for those who want democracy to mean more to the people.

New York City HARRY WEST

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

The American Veterans' Committee

SIR: Obviously the fight against fascism isn't going to end with the last shot of this war: the fight for freedom we have always with us, and after a war we need to work for liberty plus groceries with extra diligence. Despite advertisements about blueberry pie and the same old America, many servicemen and new veterans of this war are not unalive to these truths. Some of them banded together last spring to lay the foundations for a new veterans' organization which would work "to achieve a more democratic and prosperous America and a more stable world." The organization's temporary name is the American Veterans' Committee; its rapidly expanding ranks include American men and women of all races, creeds and colors who are serving or have served with our armed forces, merchant marine and Allied forces.

The members have pledged themselves to work for full employment and full production—jobs not only for veterans but for everyone; and for world peace through world coöperation—a peace not only of armed compulsion but of justice. The AVC's veterans are forming chapters in various American communities, while its members in service keep in touch through The Bulletin, a semi-monthly newsletter edited from the executive offices at 654 Madison Avenue, New York 21, N. Y.

The AVC was born spontaneously of the soldiers' very real desire for a new and democratic organization which would speak up for peace, jobs and freedom. It offers no doctrinaire program, dangles no promises of pressure for bonuses. It does claim to represent many common thoughts and desires of the people who are fighting this war; and it hopes to become more representative. We'd like to hear from many of your readers.

CHARLES G. BOLTE, Chairman,
New York City American Veterans' Committee

Postwar Employment

SIR: Last August, when the debates on reconversion legislation were at their height, organized labor's leadership in the fight for adequate measures went largely unsupported by other sections of the population. To be sure, professional and white-collar organizations in the National Council of Scientific, Professional, Art and White-Collar Organizations established a Committee on Postwar Employment at that time, but it arrived on the scene too late and with too little.

To avoid a repetition of this situation, these organizations have prepared "A Statement of Principle on Postwar Employment" which can be put before the country as the platform on this issue of a substantial section of American professional and white-collar people. Representatives of some 25 organizations in these fields, including the National Board of the YMCA, the United Office and Professional Workers of America (CIO), the American Association of Social Workers, the American Association of Scientific Workers, took part in drawing up the statement. It has been sent out to some 70 of the leading professional organizations with the request that they give it their most serious consideration and endorse those sections which they are willing and able to support. The sections receiving substantial support will then serve as a basis for joint activity.

The statement raises questions on such aspects of postwar employment as surplus-property disposal, fiscal policy, social security, expansion of educational facilities, international economic coöperation, as well as special problems of the professional and white-collar fields.

This is the first time that professional and white-collar organizations have prepared in this way jointly to assume public responsibility on major national issues. Both the country as a whole and these fields within it will surely profit from this growth of citizenship.

The National Council wishes to encourage the widest discussion on postwar employment among professional and white-collar groups. Copies of the statement are available on request. The Council's address is 135 East Fifty-second Street, New York City.

EVELYN ADLER, Chairman,
New York City Committee on Postwar Employment

How We Treat Our Refugees

SIR: The 900-odd refugees who were brought to this country by executive order of the President are now interned at Fort Ontario, Oswego, New York. In Fort Ontario everything is being done to look after their physical welfare. They are given food, shelter and clothing. They have organized their own entertainment program; they have coöperated in setting up an extensive cultural program. They even have a democratically elected advisory council working with the camp administration.

During the first few weeks after their arrival the refugees were relatively happy. After years of starvation, persecution and flight, adequate food, shelter and clothes, plus the absence of fear, were enough to satisfy them. Today, this is no longer true. Today these fervently anti-Nazi refugees are smarting under the fact that they are prisoners in the greatest democracy in the world. These people were deprived by the fascists of their human rights, their possessions and their dignity. Democracy has restored to them the more elementary rights and some of their possessions, but it has not given them a chance to regain their dignity. Men can do that only when they are free.

Fascism, flight and waiting have already warped the values of these people. And now they must wait again. Still they are not allowed to fit their lives into a pattern of responsibility.

The innate danger in this situation is particularly noticeable among the youth. Here, in a democratic country, a generation is being brought up that is bound to negate the very elements of democracy. These youngsters *can* have only one set of values, that of the man behind bars. They can know only two kinds of people, who are literally on opposite sides of the fence: the people in concentration camps and those outside.

And the answer today would be so easy. Even if America can't see its way clear to a really generous approach to the refugee question, there are still hundreds of thousands of unused quotas that have accumulated over the past four years. They should be made available to the residents of Fort Ontario, and thus keep America from committing a shocking crime against democracy.

New York City RUTH KARPF

From The New Republic Mail Bag

James O'Neil, of Highland Park, Illinois, writes to us protesting against Harold D. Jacobs' letter [The New Republic, October 30] drawing a "deadly parallel" between Clemenceau and Churchill. Mr. O'Neil disagrees with Mr. Jacobs' contention that the Versailles Treaty was largely to blame for World War II. Our correspondent denies further that Churchill has been guilty of the "bungling interference" with military affairs of which Mr. Jacobs accuses him.

B. L. English, of Victoria, Texas, writes that "it should now be the main concern of the Democratic Party to groom one or more candidates for the presidential nomination in 1948." He says the strength of FDR's personality, coupled with his long term in office, has served to overshadow possible presidential material. "There will always be a Dewey," says Mr. English, and the Democrats must produce a man who can match his apparent qualities of caution, common sense and efficiency, and bring the additional traits of vision, sensitivity to the country's needs, and courage, to the office.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Books in Review

A Historian at Seventy

CHARLES A. BEARD will be seventy years old on November 27, and he and Mary Beard have made a decision. The Preface to their new "Basic History" [1] states: "With this book we bring to a close our many years of coöperative efforts in seeking to interpret the long course of American history."

The words have their own historic ring, for to almost half a century of American liberalism, a bouncing, creative half-century, the Beards have been leaders and a symbol. Hundreds of Columbia graduates, many of them now in high places, retain the impress made by the red-headed Indianan who transformed history into an offensive against the past. Thousands more remember the Beardian moments that were also moments for liberalism —the national furor over his resignation from Columbia, the extraordinary impact of "The Rise of American Civilization," his election to head the American Historical Association which had once almost officially disavowed him. And of course, earliest and most important of all, the bombshell effect in 1913 of "An Economic Interpretation of the Constitution," which gave to American progressivism the most effective of its intellectual weapons.

Mr. Beard did not discover the economic interpretation; he himself has tried hard to make that plain. What he did do—and his contribution has been inadequately analyzed—was to discover a special kind of economic interpretation which had a special potency. In the early nineteen hundreds, a raw industrialism spoke its program in terms of mellifluous abstractions. The Constitution, which was being used to block social legislation, was haloed as a document "sprung from the people." Blocking social legislation was preserving "Anglo-Saxon liberties." A high protective tariff upheld the "American standard of living." "God gave me my money," said John D. Rockefeller—and laughter did not rock the nation.

Socialist writers had hammered away at this ideology. In 1907 a Populist-minded professor, J. Allen Smith, published a widely read book which argued that the authors of the Constitution had deliberately sought to check political and economic democracy. But the Socialists could be easily dismissed and Smith's book was powered largely by wrath and by Jeffersonianism, which seemed a mass of glittering generalities to many of his contemporaries. In place of wrath Mr. Beard used facts, excavated from old government depositories with the aid of a vacuum cleaner. In place of Jeffersonianism, he used an adaptation from the Federalist-Whig tradition, the tradition to which the Constitution indisputably belonged, and which Republican business men proudly claimed.

The Federalists and Whigs had made frequent sweeping statements of the correlation of economic interests and ideas. But because they were fighting agrarianism, they had used a particular kind of economic interpretation. They pictured themselves as men who, if they were creatures of property, were even more creatures of talent, education and patriotism; the opposition was a rabble obsessed by desires to tear up their mortgages and move on to other people's lands. Mr. Beard took this Federalist-Whig economic interpretation and simply stood it on its head. In "An Economic Interpretation of the Constitution," as in "The Rise of American Civilization," the men of large property emerge as people who, if they were creatures of talent, education and patriotism, were even more creatures of economic interests. Here was an approach that used the very statements of the Founding Fathers to smash the sanctity of the Constitution. Applied to any problem, historical or contemporary, it reduced the abstractions of conservatism to the special pleading of a special economic group. Little wonder that the Beardian economic interpretation became the bulldozer of liberalism in its long onslaught against McKinleyism.

But in the use of economic interpretations, success fails quickly. From William Bradford to Ralph Waldo Emerson down to the gossip of today's bridge table, Americans have shown a distaste for believing that they or their group act primarily from economic considerations. Economic interpretations are so effective just because they put the taint on the other fellow. But economic interpretations cannot be used without some assumption of a general correlation of interests and ideas—your ideas as well as the other fellow's. They are therefore most likely to be called upon as offensive weapons; when victories pile up, the ideological army tends to settle back into the luxury of non-economic abstractions. The Federalist-Whig tradition, its program triumphant after the Civil War, was transformed into the comfortable Republican reliance on "the people" and "liberty." So too progressivism, as it enjoyed a tonic sense of fulfilment under the earlier Franklin Roosevelt. The liberal retreat from the liberal economic interpretation was encouraged by enthusiasts, who ran the interpretation into the ground by oversimplification, and by Communists, who insisted upon confusing Charles Beard with Karl Marx.

Just when the retreat was beginning, the United States started thinking seriously about war. War turned the retreat into a stampede. The Beards' personal opposition to Mr. Roosevelt's foreign policy, by an illogical but not unusual transference, made many liberal supporters of the administration skeptical of all phases of the Beards' thought. Much more important, war made psychologically uncomfortable the relativism that was becoming associated with an economic interpretation. Liberal thought of the thirties did not lack its arbitrary standards of good and bad—including a tendency to assume that everything labor did was good and everything business did was bad. From the very nature of the liberal economic interpretation, it did

[1] A Basic History of the United States, by Charles A. and Mary R. Beard. New York: The New Home Library. 508 pages. 69 cents. (Enlarged and specially illustrated edition published by Doubleday, Doran and Company at $3.50.)

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

far more correlating of business' economic interests and ideas than of labor's. Yet even in that lopsided form, ideas were being made relative and the habit of relativism grooved into liberal thinking.

Probably this relativism would not have mattered much if it had not come after the triumph of Darwinism and during a sizable influence of Freudianism over the liberal mind. To great numbers of progressives, snatching their intellectual baggage between cocktails and mass meetings, the actions and ideas of men became products of the environment, of the unconscious, of the economic group —always relative to something or another. The great social danger of relativism is that, for good or for bad, men do not seem to be able to charge their actions with much emotion unless they believe that they are acting on *the* truth and *the* right. Before the war, liberal groups, especially groups of younger liberals, showed traces of the debilitating effects of relativism. War increased the psychological difficulty a thousandfold, for war admits of no relativism. There is only our side, which is good, and the other side, which is bad. Progressives accustomed to saying that men and nations are, after all, what society makes them, that ethics are an expression of particular property interests, that democracy is identified with the needs of the middle classes, found themselves sheepishly unable to give emotion to a war they wanted to fight. They followed gladly when Archibald MacLeish included Charles Beard among "The Irresponsibles," when John Dos Passos kicked over the philosophical basis of "USA" and discovered new ground to stand on in Thomas Babington Macaulay, when one after another of the liberal intelligentsia found more or less dignified ways to go to Canossa.

All of this could have been no surprise to the Beards. At the floodtide of the economic interpretation, in 1938, Charles Beard warned: "Contemporary criticism shows that the apostle of relativity is destined to be destroyed by the child of his own brain. If all historical conceptions are merely relative to passing events, to transitory phases of ideas and interests, then the concept of relativity is itself relative." To the Beards a liberal economic interpretation has always been merely a part of their reinterpretation of the past, a reëmphasis, not a revelation, a means of seeking out socially useful standards of judgment that carries with it an insistence on the importance of such standards. The Beards' books of the last five years, especially "The Republic" and the "Basic History," reveal by a conspicuous shift of emphasis their concern over the meaning read into their earlier works. The shift is often mistakenly regarded as their own repudiation of an economic interpretation. Actually they are stating emphatically things which their earlier books assumed—that George Washington was a great man as well as an anti-democrat, that the Constitution was an extraordinary achievement in statecraft as well as the product of certain economic interests. No one knows better than the Beards how dangerously liberalism is suspended between old attitudes it has abused and new attitudes which are still in process of evolution.

Naturally, amid the shambles of an era that was so sure of itself, there are moments of despair. "The history of man," Mr. Beard has remarked, "is the story of a tomcat being pulled by its tail to a place it doesn't recognize." But the moments of despair are merely moments. Even before the last of the collaborative books by Charles and Mary Beard appeared, another project was under way. Up in their Connecticut hills, away from all the quick answers, Mr. Beard is asking questions about the words which social thought has used and confused during his seventy years, words like economic and correlation as well as liberty and individualism. The results will be his next publication. They will almost certainly mean that another generation of American liberalism, like its fathers, will build on the Beards.

ERIC F. GOLDMAN

Behind the News in China

China's Wartime Politics: 1937-1944, by Lawrence K. Rosinger. Issued under the auspices of the Institute of Pacific Relations. Princeton: The Princeton University Press. 133 pages. Paper, $1.50; cloth, $2.

WITHIN 60 pages of readable narrative and 60 additional pages of supporting historical documents, this short book incorporates the clearest and most concise description of China's major political problems to appear in this country. A brief sketch of prewar conditions in which the present tumultuous problems are rooted precedes a clear and direct analysis of every phase of unity and resistance since the war began. This is followed by a study of the Chungking government, its leaders and supporting institutions. Included under three general sections are discussions of the growth of national resistance, the nature of national unity since 1936, guerrilla warfare, the "Peace Party" of which the quisling Wang Ching-wei was, until his recent death, the leader, and rifts in Chinese unity since 1939.

The material is brought up almost to the present, including Henry Wallace's visit to China last summer, the trip of our correspondents to the guerrilla regions, a discussion of the popular democratic movements against Kuomintang policy, and the liberal opposition within that party as led by Dr. Sun Fo, president of the Legislative Yuan.

Mr. Rosinger—who is on the staff of the Foreign Policy Association—explains a social phenomenon which has always baffled conservative "Old China hands" about the weakness of the pure nationalist movement in the decades preceding the present war. It sprang from the middle class, he says, but was politically weak because this class participated in a more or less subordinate capacity in foreign-directed enterprises, such as banks and industry. With such a large personal interest in China's existing status, it sometimes wavered in its spirit of nationalism. The dependence of this class upon foreign support, primarily American, further explains many of its actions today. Mr. Rosinger supports the expert knowledge of such men as Dr. Sun Fo by stating that the rural landlords, gentry and officials have the greatest stake in the existing order and oppose all social change.

Propagandists who deny that the Chinese government appeased Japanese aggression until actually forced to fight in 1937, will find many uncomfortable facts and documents in these pages. Outside Communist ranks were powerful national revolutionary and democratic movements against appeasement, such as the prewar All-China Federation of National Salvation Unions, which, after 1941, was

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

blended with the Federation of Chinese Democratic Parties. Mr. Rosinger has confined himself to the narration of facts and has devoted no space to the bitter struggle and human tragedies which hover behind such opposition movements to governmental policy.

The analysis of the personal and social motives which led Wang Ching-wei, Premier of the Chinese government until late 1938, to desert to the Japanese, makes appalling but factual reading, especially since the same motives are by no means absent from many leading reactionaries in the government today, who, however, have not gone over to the Japanese.

The section on "Chungking and Political Change" will provide excellent understanding of the various political cliques and personalities within the ruling party. Mr. Rosinger believes that Generalissimo Chiang's position *approximates* that of a dictator, but that the country lacks the technical means of maintaining a centralized dictatorship. Many of the provinces and armies are semi-independent, and have become progressively more so in the past few years. This, in part, explains why the Generalissimo throws his weight first in one direction, then in the other, in an attempt to keep himself on the crest of the wave.

Despite criticism of the Chinese government in our press, the author declares that America does not minimize China's role in the war and that the American public welcomes every action pointing toward a democratic, progressive China playing her proper part in international affairs.

Though a scientific research document, this volume is easy and fascinating reading. It is difficult to see how specialists and teachers about China can well do without it and its valuable historical material. Among the latter are all the main pronouncements of the Communists and the government on the vexatious Kuomintang-Communist conflict, the manifestoes of the democratic parties, the government's draft constitution of 1936 and its Program of Resistance and Reconstruction, drawn up in 1938.

AGNES SMEDLEY

The Schools and Democracy

Your School, Your Children, by Marie Syrkin. New York: L. B. Fischer Publishing Corporation. 224 pages. $2.50.

MISS SYRKIN has written a provocative book which is obviously meant to stress only one side of the picture, since its subtitle is, "A Teacher Looks At: 'What's Wrong with Our Schools'." The author believes the schools have failed in both their intellectual and social functions. According to Miss Syrkin, the reasons for their failure to produce zealots for democracy lie in the tradition of American schools against indoctrination, which has led to a spurious respect for all opinions, even those which would undermine our democratic institutions, and in the timidity of the school in taking a role of leadership in meeting social problems such as those caused by racial and religious prejudices. On the intellectual side, she says the failure is caused mainly by adapting the theories of progressive education without adequate provisions for putting them into practice. As a consequence, standards have fallen. The student who does not have a particularly high IQ suffers the most, and the vocational education now offered him does not meet his needs.

I do not know enough about high schools throughout the country to judge the accuracy of Miss Syrkin's appraisal. But we might assume that it represents at least a large segment of our schools. However, I think there are additional causes for the situation she describes. Among these, I would put our tendency to oversimplify both the nature of society and the nature of man. One of the most significant characteristics of our culture is its contradictions. Prejudice is as much a norm as is the belief in the equality of man, and both have existed side by side since the founding of the colonies. Of course, a high-school student becomes cynical if he is given only the idealistic picture, or he comes to the conclusion that his teacher does not know life as he knows it in his own neighborhood. We have been equally unrealistic about the basic nature of man. Our emphasis has been on man as a reasoning animal and, when recognizing the emotions, to look down upon them. Consequently, the schools have given relatively little attention to emotional needs or to the training of emotions. The success of the fascist organizations derives in part from the fact that they reach the student on an emotional level. I was struck with Miss Syrkin's statement that fascist propaganda makes its readiest appeal to pupils of lower intelligence levels. It is very likely that the competitive nature of our school system adds to these children's insecurity and thus makes them ready to respond to the psychological compensations offered by anti-Semitism and Jim-Crow practices.

A basic problem of democracy is how to give people sufficient security so that they will not need the emotional compensations offered the insecure by fascism. This problem obviously goes far beyond the schools, but the latter are an important instrument in any attemped solution.

HORTENSE POWDERMAKER

On Freedom

Freedom and Civilization, by Bronislaw Malinowski. New York: Roy Publishers. 338 pages. $3.50.
A Scientific Theory of Culture and Other Essays, by Bronislaw Malinowski. Chapel Hill: The University of North Carolina Press. 228 pages. $3.

FREEDOM, both as concept and institution, is the preferred but barren hunting ground of political philosophers and moralists. Social science has not supplied as yet a sociologically water-tight, *i. e.*, value-free, basis for the rationalistic concept of liberty by which modern democracy is still theoretically justified.

When, therefore, a distinguished anthropologist tackles the problem of freedom, jealous attention should be given to what he has to say. For the anthropologists were the first to puncture successfully liberty's twin concept of equality without, however, providing a scientific equivalent for what, in a democracy at least, is still felt to be a socially desirable goal. The danger inherent in this failure readily appears from the political perversion of anthropological findings which began with Gobineau's "Essai sur l'Inégalité" and ended in the extermination centers of Nazi-enslaved Poland.

Any sociologist tampering with the problem of freedom as scientist, is playing with fire. It is only too easy to demolish inherited political ideas. It is more difficult to

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

CARTELS: CHALLENGE TO A FREE WORLD

By WENDELL BERGE, ASSISTANT ATTORNEY GENERAL

Says Henry J. Kaiser: "It is a contribution to the clear thinking and fast action we must have if our enterprise and productive skills are to have free sway. Every businessman who is concerned with the future of free enterprise will draw renewed courage from the message of this book."

Says Vice-President Henry Wallace: "Here in concise and understandable terms are portrayed and analyzed the most important aspects of cartels from the viewpoint of America's industrial welfare. Illumination of the questions which cartels pose to the American people is an urgent and necessary task, and one which the book will go far toward accomplishing. I am sure that this work will reach a wide and appreciative audience among all concerned with industrial as well as political freedom."

Says Senator Joseph C. O'Mahoney: "It would be difficult to find a better book . . . to describe the methods and effects of the (cartel) system. Everybody who wants to be well informed should read it, and certainly no one who hopes to make any contribution to the settlement of postwar policy can realize that hope without a knowledge of the facts about international monopoly so clearly set forth in this volume. . . . I wish every voter in America could read this book." $3.25

EDUCATION AND THE UNITED NATIONS
A report by the Council for Education in World Citizenship on the educational problems that lie ahead. $1.00

NATIONAL CONSCIOUSNESS
By Walter Sulzbach. A dissection of fundamental fallacies. Introduction by Hans Kohn. $3.00

PRISONERS OF WAR
By William Flory. A detailed record of laws and practices in ancient, medieval, and modern times. $3.25

WILSON'S IDEALS (Selected Writings)
Edited by S. K. Padover. A collection of words of unusual timeliness by Woodrow Wilson. $2.50

HITLER'S WORDS (1923 to 1943)
Edited by Gordon W. Prange. Here are all of Hitler's more important pronouncements, arranged categorically. Introduction by Frederick Schuman. $3.75

NAZI GUIDE TO NAZISM
Edited by Rolf Tell. One thousand quotations on such subjects as democracy, religion, women, education, etc. $1.00

KOREA: FORGOTTEN NATION
By Robert T. Oliver. The story of the nation that was forgotten until the Cairo Declaration. $2.25

GREECE AGAINST THE AXIS
By Lt. Col. Stanley Casson. A first-hand account of the resistance of an heroic people to Axis aggression. $2.50

CZECHOSLOVAKIA FIGHTS BACK
A document of the Ministry of Foreign Affairs about conditions under and resistance to Hitler's "New Order." $3.00

PROLOGUE TO APPEASEMENT
By Elizabeth Cameron. A scholarly review of the foreign policies which led to the downfall of France. $3.50

STRATEGY AT SINGAPORE
By Eugene Miller. An account of the background of the great base. Introduction by Captain W. D. Puleston. $2.50

WAR AND POSTWAR ADJUSTMENT POLICIES
By Bernard Baruch and John Hancock. The official outline of things to come, with especial reference to contract termination, demobilization, postwar financing, etc. $2.00

THE ECONOMICS OF DEMOBILIZATION
By E. J. Howenstine. A timely analysis of the lessons of World War I. Introduction by Alvin Hansen. $3.75

SURPLUS WAR PROPERTY
Documents of the Office of War Information and the Surplus War Property Administration pertaining to the facts about the over-all situation and the basic disposal procedures. $1.00

WAR AND POSTWAR SOCIAL SECURITY
By Arthur Altmeyer, William Haber, Robert Watt, and others. A survey of current and future problems. $1.00

U. S. AVIATION IN WARTIME
Office of War Information Reports. A compilation of documents on achievements during World War II. $2.50

JOURNALISM IN WARTIME
By H. V. Kaltenborn, George Gallup, Kent Cooper, and others. A symposium about the responsibilities and contributions of the press. $3.00

WAR INFORMATION AND CENSORSHIP
By Elmer Davis and Byron Price. The story of the programs and policies of OWI and the Office of Censorship. $1.00

UNITED NATIONS AGREEMENTS
Edited by M. B. Schnapper. The texts of all the important agreements, pledges, and declarations made by two or more United Nations. Introduction by Arthur Sweetser. $3.75

REGIONALISM AND WORLD ORGANIZATION
By Oscar Jaszi, Clarence Berdahl, and others. An authoritative discussion of a subject of increasing importance. $2.50

PROBLEMS OF POSTWAR RECONSTRUCTION
By Clyde Eagleton, Charles Hodges, Henry P. Jordan, and others. A symposium about the major questions confronting the Allies. Introduction by Stephen P. Duggan. $3.75

PRELUDE TO INVASION (1941 to 1944)

By HENRY L. STIMSON, SECRETARY OF WAR

Says the Yonkers Times: "Here is the detailed and dramatic report of the almost endless preparation made for the greatest mass invasion in history, based upon official reports by our Secretary of War. It makes up one of the greatest stories of all time, one that concerns intimately every American with a loved one in the armed forces."

Says War Times: "It will carry considerable value as a historic document."

Says the New York Times: "It affords a quick resume of the progress on all battlefronts from December, 1941, to June, 1944 . . . will be of value to those who wish to follow the course of our war progress."

Says the Christian Science Monitor: "His reports to the nation are a sober and straightforward chronicle of the war. . . . As a writer Mr. Stimson is at his best whenever he can dwell upon his main theme, the United States Army, its growth, its achievement, and its purpose." $3.25

PUBLIC AFFAIRS PRESS **2153 FLORIDA AVE., WASHINGTON 8, D. C.**

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

fill them with new substance in agreement with scientific discoveries or the social needs of modern times. Malinowski's venture into the precarious realm of political theory is a case in point. His critical analysis of non-cultural, "free-floating" concepts of liberty proceeds from the fundamental principle of all science, *i. e.*, that scientific concepts must be open to objective, universally accessible, public and factual observation. His assault on the traditional liberal definition of freedom as "absence of restraint" is devastating and is unquestionably the best part of his essay on freedom and civilization.

On the constructive side, his definition of freedom is in strict accord with his own functional theory of culture—that cultural phenomena are determined by man's basic needs and the possibility of their satisfaction. Hence freedom appears "as the conditions necessary and sufficient for the formation of a purpose, its translation into effective action through organized cultural instrumentalities, and the full enjoyment of the results of such activity." The essence of freedom, then, is its pragmatic verification in the context of human behavior.

Less fortunate is Malinowski's attempt to apply his definition of freedom to the problems of contemporary politics, especially the issue of democracy versus totalitarianism. He not only admits that "the ultimate decision in any matter of action . . . implies an element which cannot be proved by scientific argument," but also fails to take a stand precisely on those questions where the problem of freedom as a value is involved. He has nothing to say on the vital question of whether a planned economy is possible in a free society and, if not, what set of values is preferable. With regard to civil war, he avoids the real issue by simply stating that "fratricidal war is always an unmitigated calamity, since by destroying the common patrimony of both parties, it cannot add to the interest of either." His identification of fascist totalitarianism and Russia's state socialism suggests that Malinowski's values and preferences are somewhat out of step with his own scientific theory of culture. What it all adds up to is that a scientific theory of culture is certainly not a substitute for a scientific theory of values. In the absence of the latter, the former can contribute little to the problem of freedom as it emerges from some of the concrete issues of the day.

Starting from different premises, other authors have certainly demonstrated as fully as Malinowski that freedom is desirable. Had Malinowski stuck to his scientific analysis without injecting his personal preferences, his diagnosis would have served its purpose. As it stands, it is subject to non-scientific perversion.

HEINZ H. F. EULAU

LELAND STOWE says:

"If you've got any loved ones in uniform, you ought to read and reread . . .

The VETERAN COMES BACK **By WILLARD WALLER**

"Professor Waller says one of society's serious past mistakes has been its failure to recognize that every soldier, not merely the wounded, is in need of rehabilitation. . . . I wonder why we do not have a press and radio educational program in America to show the public how all of us can help the returning veterans re-adjust themselves to civilian life."—*Broadcast from London, November 4th, 1944.* $2.75

At your bookstore **THE DRYDEN PRESS, N. Y. 16**

Two Battles: One Front

Democracy Begins at Home, by Jennings Perry. Philadelphia and New York: J. B. Lippincott Company. 280 pages. $3.

Prejudice: Japanese Americans—Symbol of Racial Intolerance, by Carey McWilliams. Boston: Little, Brown and Company. 337 pages. $3.

HERE ARE two wholly dissimilar books that never would have been written but for deep-seated racial intolerance in this land of the free. "Race" is seldom mentioned in Mr. Perry's "Democracy Begins at Home"—the story of a valiant fight made in Tennessee to abolish the poll tax. But Tennessee would never have had the tax but for white Tennesseans' fear of another race. The truth is, of course, that in disfranchising the Negro through use of the head tax as a prerequisite to voting, Tennesseans disfranchised several hundred thousand whites—poor whites who before the turn of the century were making trouble for the old order in the Populist Party (pronounced "Populite" in Tennessee) and in the Farmers' Alliance.

Since then the poll tax has become the foundation stone of boss rule, with headquarters in Mayor Edward H. Crump's investment, banking, real-estate, insurance, manufacturing and farm-loan office in Memphis. Among the people who work out of that office are two United States Senators and the Governor of the so-called sovereign state of Tennessee. Several affluent newspaper publishers get their orders from the back door—but not the editor or publisher of The Nashville Tennessean. Silliman Evans is The Tennessean's publisher and Mr. Perry its editor. They have fought Ed Crump in the legislature, in the Governor's office and everywhere else they could find him. Mr. Perry persuaded other newspapers to join the fight, and to make the fight on the poll-tax issue, not in order that Negroes might vote (that was seldom mentioned), but that whites might vote and thus break the power of the Memphis boss.

Tennessee is the only one of the eight poll-tax states that has made a thoroughgoing, all-out fight on the iniquitous tax on the right to vote. It was a heroic fight, carried on under the vigorous, unrelenting leadership of Mr. Perry and his newspaper. Tom Little, the paper's distinguished cartoonist, upheld his share of the battle well. They whipped the legislature so hard and so steadily that finally it passed a bill repealing the tax. The Governor signed the bill, but the state supreme court cut it down. There's still a poll tax in Tennessee, and Boss Crump still runs the state from his office overlooking the muddy Mississippi River. The fight has been shifted temporarily to the national capital, and Mr. Perry is chairman of the National Committee to Abolish the Poll Tax.

Mr. Perry's book actually points the way to a solution of the problem discussed by Mr. McWilliams. Local leadership and local campaigning against intolerance can do much

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

to remove the suspicions and prejudices that make California and Tennessee so much alike. For a long time Mr. McWilliams has led the fight on the West Coast against racial intolerance. His latest book is the story of the development of anti-Japanese sentiment on the Coast and of the fate of Japanese and Japanese Americans after Pearl Harbor. A recent appeal to the Supreme Court by an interned American citizen of Japanese ancestry to test the constitutionality of the War Relocation Authority projects has brought the question down to the fine point where it has to be answered.

Mr. McWilliams thinks that it might never have been raised but for the vicious, selfish, untruthful campaign of prejudice conducted over the years by bigoted newspaper and business propagandists. When war came on December 7, 1941, the innocent of Japanese extraction—thousands of whom were American citizens—had to take the punishment of the guilty. But there was no proof that they were guilty—only that they were different.

Mr. McWilliams has not answered the question which the Supreme Court must answer, and which the American people must answer in their own minds. It goes to the heart of our constitutional system—just as does the question of the Tennessee poll tax. CARROLL KILPATRICK

From Plato to Pegler

Social-Economic Movements, by Harry W. Laidler. New York: Thomas Y. Crowell Company. 828 pages. $5.

HARRY LAIDLER has become our quasi-official chronicler of reformist movements. If he had not written out of devotion this new history of man's long struggle for improvement, it would have become necessary to subsidize someone to perform the task.

His latest volume is candidly a textbook but one which will be used henceforth not merely by students and teachers, but by anyone whose interest lies in this field. This is straight history. Its content runs the gamut from the Old Testament prophets and Plato to Karl Marx and Harold Laski. If any important socio-economic movement has been omitted, I am at a loss to know what it is.

Within this larger context the bulk of attention has naturally been given to the socialist movement. Utopian socialism, Marxian socialism, Fabian socialism, Christian socialism and all the various tangential socialist movements are adequately considered. Since Laidler has played an important role in the development of socialistic thought in the United States, one might expect a degree of tendentiousness in his interpretations, but happily this is lacking. He maintains a reserved neutrality even when discussing the weird Socialist-Communist struggle of the thirties and early forties of our era. I stress the disinterested quality of this text for a particular reason. We live in a propaganda age and most serious readers begin every new book with an attitude of suspicion, especially books dealing with ideological issues.

Particularists will find fault with some of the forty-four chapters, or with special sections. It is my feeling, for example, that his treatment of the theoretical foundations of Marxism is not sufficiently thorough or critical, especially from a philosophical viewpoint. But, on the other hand, I do not see how he could have satisfied my demands at this point without abandoning his objectivity.

An inspiring novel of the men and women who fought Russia's battle behind the lines.

The Ordeal

by ARKADY PERVENTSEV

An epic novel of Russia's magnificent resistance, told in terms of the men and women who transfer an entire airplane plant from the Ukraine to the Urals.

"One of the great and least known stories of the war."—David M. Nichol, former Moscow Correspondent of the *Chicago Daily News.*

At all bookstores • $2.50

HARPER & BROTHERS • 49 E. 33rd St., N. Y. 16

Coming

IN DECEMBER ISSUES OF "THE NATION"

JAN MASARYK, Foreign Minister of Czechoslovakia, will contribute a significant article on the future of Europe in the issue of December 2.

STUART CHASE has written a new book, "Democracy Under Pressure," to be published by the Twentieth Century Fund. Three chapters will appear in *The Nation* before the book appears. The first, "Will It Be Peace?" will be in the issue of December 2.

MAXWELL STEWART'S article, Why Stilwell Came Home, in the current issue, is the first of a series on the crisis in China. The second, by KATE MITCHELL, editor of *Amerasia,* will appear December 9.

THE Nation

TWENTY VESEY ST. • NEW YORK 7, N. Y.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Since this is a chronicle and not a philosophy of reformist history, it is unfair, presumably, to raise issues involving too much of generalization. Yet, the reading of this volume precipitates questions of precisely this general nature. What, for example, is the thread of continuity in man's attempt to reform his social and economic life? One detects a transition which seems to travel from religion and ethics forward to science and reason. (I am now speaking of the motivational aspect of reformist movements.) But, just as one arrives at this degree of clarity, dogma and the thirst for power enter the picture. Historic continuity is suddenly interrupted by that great hiatus known to us as fascism.

A similar concern arises when one contemplates the course of socialism in the United States. What accounts for lack of continuity? Certainly it is not due to the want of strong leaders. Our socialist leaders have been unusually strong, perhaps too strong for the quality of their following. Is socialism weak in the United States because of the essentially pragmatic character of American thought?

These are questions which are not dealt with in this volume of Dr. Laidler's, and I insert them here merely to indicate how a straightforward historical account leads one inevitably to qualitative reflections. I wish Dr. Laidler would himself undertake the task of dealing with the implications of his admirable history.

EDUARD C. LINDEMAN

A Reader's List

PLANNING: No. 226. People for the Commonwealth (Political and Economic Planning. Available through The New Republic, 25 cents). One possible outcome of the present conflict is a reversal of the traditional immigration policy of the British Dominions. PEP's latest broadsheet discusses the various aspects of this contingency. Vulnerability to aggression, especially in the case of Australia and New Zealand, has compelled official policy to acknowledge the need for a larger population. And accelerated industrial development during wartime will create a demand for greater numbers of skilled and semi-skilled workers if a high level of production after the war is to be maintained. The editors carefully analyze the shifts in population that will be required to satisfy the needs of the Dominions. They suggest that emigration from the British Isles is an unlikely possibility; the Commonwealth nations will have to accept South European and Asiatic stocks as well as North European peoples if they hope to pursue a successful immigration policy. An expanding economy, the editors urge, can absorb many diverse elements.

CRIME AND PUNISHMENT

THE CAT'S WHISKER, by H. C. Bailey (Crime Club, $2). Reggie Fortune has his work cut out for him when he is assigned to the unpleasantness at Radbury, where a rick-yard fire is the immediate prelude to an effective Nazi air raid on Sir Thomas Meon's tank factory. The deaths of two civilians appear to be tied up with the fire, and the case is further complicated by a clever campaign—inspiration unknown—to set American and Canadian troops barracked in the neighborhood against each other. Reggie, in fine form, proves equal to the job in an ingenious and well worked-out puzzle.

AFFAIRS OF DESTINY, by Georges Simenon (Harcourt, Brace, $2). The first of these short novels deals with a railroad signal-tower man who witnesses a murder and whose greed involves him in the case, to his eventual undoing. The second is a dispassionate account of how Mme. Pontreau gets rid of her son-in-law and the murder's aftermath. Simenon's vogue has always puzzled me. In the three or four books of his I have read he has managed to demote the absorbing crime of murder to the interest-level of a daily chore, necessary perhaps, but oh so dull. E. H.

Contributors

SEYMOUR E. HARRIS, former director of the Office of Export-Import Price Control of the OPA, is an associate professor of Economics at Harvard. He is the author, among other works, of "Monetary Problems of the British Empire," "Twenty Years of Federal Reserve Policy" and "Exchange Depreciation."

A. G. MEZERIK, industrial consultant and social historian, traveled all over the United States, covering about 20,000 miles, to study the problem of reconverting industry from wartime to peacetime production.

HAROLD T. SMITH, professor of Economics on leave from Carroll College, is director of the Milwaukee District Office of the OPA.

ERIC F. GOLDMAN, author of "John Bach McMaster: American Historian" and "Charles J. Bonaparte: Patrician Reformer," is completing a book on modern American liberalism.

HORTENSE POWDERMAKER, assistant professor of Anthropology at Queens College, is the author of a recent high-school study unit, entitled "Probing Our Prejudices."

AGNES SMEDLEY spent twelve years in China as a correspondent and author. Her most recent book is "Battle Hymn of China."

CARROLL KILPATRICK is a member of the Washington bureau of The Chicago Sun.

EDUARD C. LINDEMAN, one of The New Republic's contributing editors, is a well known writer and lecturer.

CRITICS' PRIZE PLAY
THE THEATRE GUILD presents (In association with Jack H. Skirball)
JACOBOWSKY and the COLONEL
The FRANZ WERFEL - S. N. BEHRMAN COMEDY — Staged by ELIA KAZAN
LOUIS CALHERN — OSCAR KARLWEIS
MARIANNE STEWART — HAROLD VERMILYEA
MARTIN BECK THEATRE—45th Street, West of 8th Avenue.
Evenings at 8:30. Mats. Thurs. & Sat. 2:30.

MICHAEL TODD presents
BOBBY CLARK in
MEXICAN HAYRIDE
by HERBERT & DOROTHY FIELDS • Staged by HASSARD SHORT
with GEORGE GIVOT — PAUL HAAKON — WILBUR EVANS
SONGS BY COLE PORTER
WINTER GARDEN, B'way & 50th St. Mats. Wed. & Sat.

RARE—OUT OF PRINT BOOKS
Economics; Political Science; Social Movements; Historical Americana; Agriculture; Government; Fascism; USSR; War & Peace. 80 page catalogue. Search Service. BURT FRANKLIN, 170 Broadway, N. Y. C.

LANGUAGES
PHONOGRAPH RECORD COURSES. All Makes. Booklet R. LANGUAGE SERVICE, 18 East 41st St., New York City 17, N. Y.

AUTHORS — ATTENTION
WE ARE CONSIDERING adding to our list of publications acceptable manuscripts of prose and poetry. THE MOSHER PRESS, 85 Washington St., Boston, Mass.

APARTMENT WANTED
LARGE, unfurnished studio wanted with kitchenette, bath. Bronx. Address: Box 481, The New Republic.

War Bonds and Stamps
Buy a share in AMERICA. *Invest in your country and help win the war. Get the Victory Habit — buy War Bonds and Stamps every pay day.*

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Prosperity

A Special Section

Why This Supplement

The New Republic offers this supplement in the hope that it may help to throw some light on a tremendous problem by which the United States is confronted. The first task before us is how to win the war; the second, how to get back to a peacetime economy not merely as good as the one we left, but far better. To what sort of world will the men and women of the armed services come back? What will it do to them, and what will they do to it? How can we arrange for definite guarantees that we shall see no more apple selling on the street corners, no repetition of the bonus march on Washington? We do not expect this special section to be the last word on this problem; but if it helps somewhat in the process of public enlightenment, it will have served its purpose. – THE EDITORS

When Twelve Million Come Home

EVERY DAY, 2,000 men and women are mustered out of the army, navy and other armed services—14,000 a week, 60,000 a month. When the fighting ends, these numbers will be enormously increased. What is to become of these veterans? How have they been changed by their war experience, and how will they proceed to change America?

No easy or simple answer to these questions is possible. The army authorities, wisely in our opinion, have refused to permit public-opinion polls to be taken among the armed forces. People are always quoting the oral or written expressions of men at the fighting fronts, to support their own views; but such expressions are almost meaningless, since they are selected to fit a predetermined thesis.

So far as we know, the overwhelming majority of the men and women now serving their country continue in general to hold the views they held when they were civilians. It is possible that some of them now have greater hostility toward trade unions than in the past, for the simple reason that strikes are news, and loyal, unflagging production of war goods is not. We doubt whether the average soldier has heard the statement of General Marshall, quoted by Orson Welles at The New York Herald Tribune Forum, that up to that moment, no fighting man had at any time had a shortage of supplies when engaged with the enemy, because of any failure on the home front. There is some testimony that many soldiers feel particularly bitter about John L. Lewis. But even on the matter of trade unions, we cannot be sure how the soldier feels, or know that his views differ from those he held before he went into service.

The experience of the last war should offer a useful clue, even though this one is on a vaster scale, with more destructive weapons and a more fanatical enemy. While the last war was in progress, a great deal was said about what the soldiers would do to the country when they got back home; and all such statements turned out to be quite false. Once they got out of their uniforms, they seemed only too glad to merge again with the civilian population and take up once more where they had left off. All the veterans' organizations combined were never able to attract into membership more than a small minority of the total number of men who had been in service, not even when these organizations promised pressure on Congress for substantial cash benefits. It is true that in some parts of the country, former soldiers took part in anti-union activities, certain of which, as at Centralia, Washington, led to bloodshed. But there is no evidence that the ex-soldiers in these mobs would not have done precisely the same things if they had never gone to war; and there were veterans in the union ranks as well, and plenty of them. It has always been easy in any part of the United States and at any time, to recruit middle-class youth for anti-union activities. The bonus army which marched on Washington consisted not merely of war veterans but of unemployed, destitute and desperate war veterans.

There is, to be sure, one disturbing fact about the veterans who are now leaving the armed forces. Practically all of them do so at present because of age or medical disqualification. Of the total discharges at the rate of 60,000 a month, about one-half are dismissed with a definite neuropsychiatric impairment, and some degree of "nervous trouble" is present in a large proportion of the other half. For reasons too complicated to be discussed here in detail, Americans find the transfer to military life, and actual combat, very hard to

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

take. To be sure, the present high proportion of medical discharges for neuropsychiatric reasons will not be continued when the end of the war makes demobilization possible. The men whose morale has been shattered in greater or less degree are now being weeded out and sent home, and the healthy men continue in the ranks. It is nevertheless a disturbing fact that in spite of fairly careful screening by physicians of the Selective Service and of the army, 30,000 men per month should be dismissed from the armed forces because, in the vernacular, they can't take it.

Many men who cannot be classified as mentally or physically ill will find the readjustment to civil life a highly difficult one. Soldiers tend to idealize home, friends and family, and the discovery of the reality often constitutes a shock. Many have not become mature in the sense of being ready to assume responsibility for themselves in a civilian world. Some expect to be regarded as heroes, and react to frustrating experiences with exaggerated resentment. The rehabilitation of the sick can be accomplished by skillful treatment, and the adjustment of the others should not be too difficult if the opportunity for useful and rewarding employment is at hand. But if the world to which the veteran returns really has no place for him, we shall create a host of dependents and run the risk of extremely dangerous social and political explosions.

The law says that the returning veteran must get back the job he left to go into the army; but the more you study this promise, the less it seems to mean. For one thing, some millions of young men went into the army direct from school; they have never had jobs to which to return. Again, what shall we do with the employees of the several hundred thousand firms that have gone out of business since the war began? There is also the fact that in some cases a job has been held successively by five or six men, each of whom in turn has gone into the army. The guaranteed job applies only to the first of this series.

As a matter of fact, both the experience of the past war and the limited data available from this one indicate that many returned soldiers don't want to go back to their former jobs. Some of them have been trained to important new skills and techniques in the army and feel they should be able to utilize these. Others have been promoted to positions of responsibility in military life and are reluctant to go back to a job as a subordinate. Some have been made restless and adventurous and consider their former tasks too confining. The country has an obligation to men who have been called upon to sacrifice as much as the soldiers have done, to help them adjust themselves as satisfactorily as possible.

The conclusion is inevitable that the problem of the soldier is part of the problem of the country as a whole. If there is widespread unemployment among those who remain civilians, we shall see widespread unemployment among returned soldiers as well. Only if there is plenty of work for everybody will the veterans be employed; we must have a high level of general prosperity in order to fit in 12 million men and women from the armed services in a satisfactory way. In the modern world, all intelligent and informed students of the subject agree that guidance by the federal government is the *sine qua non* of a continuing high level of prosperity, the avoidance of recurring and disastrous depression. How that is to be achieved is discussed later in this special section.

Is There a New Frontier?

After the American Civil War, the problem of finding employment for the returned Northern soldier was solved in large part by giving him a homestead on the Western frontier. Although that was eighty years ago, people turn up occasionally who still have this as their chief suggestion as to what should be done for veterans of the present war.

It cannot be too strongly emphasized that the frontier no longer exists. There is no part of the United States, with the possible minor exception of Alaska, where opportunity waits for the young man with little capital and limited experience. The recent history of ourselves and many other countries shows conclusively that nowadays no one should start farming without a substantial amount of capital, proper equipment and careful training and experience. Even then, success is not automatically guaranteed. During a depression, the best and most skillful farmers go bankrupt. There are large areas of the country where the individual owner of a small farm finds it almost or quite impossible to compete with the giant enterprise operated on a factory basis, with huge machines and regiments of poorly paid farm hands living in barracks. Great farms of this type can produce at a price so low that sometimes the independent small farmer cannot possibly compete. Some of the vast power projects like those in the Pacific Northwest will bring irrigation to arid or semi-arid regions and thus make possible the creation of a large number of new small farms suitable for rather individualistic types of farming like fruit and dairy enterprises. But even here, the rule that the farmer must have money, aptitude and experience holds good; and in any case, these newly irrigated areas will not take care of more than a very small proportion of the

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

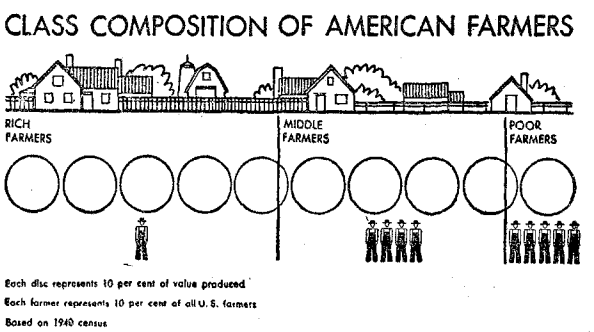
returning soldiers. Agriculture is not the answer to the veterans' unemployment problem.

One sometimes hears it said that new industries will come forward following peace to provide a great expansion and aid the process of demobilization for soldiers and war workers. After the last war, radio, electric household appliances like refrigerators and vacuum cleaners, and a great expansion in the automobile industry provided something of a stimulus of this sort. One hopes that new industries will again come along and fulfill the prediction, but of course, no one can be sure that this will be the case. Television is often mentioned on such lists; but in fact, this is an offshoot of the radio industry, which probably will be created and serviced without any very great expansion in present personnel. Aviation is also listed; but the experts in this field warn that we shall not see any such enormous increase in private flying as is anticipated, and that the public has been tremendously oversold on the possibilities of the helicopter, at least as regards the present and the foreseeable future. With the end of the war, probably 90 percent of the airplane industry will be demobilized. Electronics will play an important role in our future lives; but this again is an industry already flourishing, which can take care of an enormous increase in output without much increase in personnel. The end of the military demand for electronic devices will presumably see a sharp curtailment of consumption, after which will come a slow and modest increase from a low level, lasting several years. The plastics industry no doubt has a large future, but a good deal of it will consist of selling items that are substitutes for those now made of something else, so that the net increase in employment may be considerably less than is commonly imagined.

During the war, a great industrial development has taken place in the Southwest and on the Pacific Coast. Large new populations have come to these areas, and especially to California and Washington. The people of these regions are determined to maintain their new status if it can possibly be done, and are looking around feverishly for industries to take the place of those that will be closed down as soon as peace is declared. The search will probably be facilitated in regions like the Columbia River Basin, where federal power projects will make available large amounts of cheap electricity. There are also new plants for producing aluminum, magnesium and other raw materials, plants some of which can be operated economically under peacetime conditions. Various large industrial firms have opened up branch factories in the Southwest or on the Pacific Coast, and may or may not decide to continue them. Business interests in these areas claim that they are subject to discriminatory freight rates, that cheap water transportation is discouraged and that prices are held up artificially by "basing-point" devices under which the consumer has to pay freight charges from some arbitrary point in the East even though the goods were actually shipped from some other point far nearer. There is no doubt that the population of these areas will continue to grow. In so far, however, as this represents a mere migration of population and not an addition to it, our national position is not much altered thereby unless the migrants can materially improve their economic status through the transfer. The Joads bought no more when they were starving in California than they did when they were starving in Oklahoma.

Synthetic rubber is now being made in the United States at the rate of 900,000 tons annually, and even with semi-automatic machinery, the process employs a large number of people. Probably we shall continue to produce some synthetic even after the war, as a measure of national security, in order not to be caught again as we were when the Japanese conquered Malaya and the Dutch East Indies. But no one knows whether this will be larger than a mere "stand by" operation of 100,000 tons or so annually. That is because we do not yet know whether synthetic rubber can compete successfully with the natural product on price. Up to now, the cheapest synthetic product available for general use costs about three times as much as the lowest price ever reached by natural rubber in recent years. On the other hand, special types of synthetic have been designed that are far better for special jobs than natural rubber has ever been. In short, the future of synthetic rubber as a means of employment in the continental United States is still in the lap of the gods. But there will almost certainly be a decline in employment in this industry after the war.

There is one field in which tremendous numbers of people can be employed to the utmost advantage—the extension of the TVA principle to other parts of the country. A Missouri Valley Authority has now been proposed to cover more than 500,000 square miles of that river's basin. The plan would involve a series of dams and catch-basins on the upper reaches of the river, developing a huge amount of hydro-electric power. Irrigation would be provided for more than 4,000,000 acres of arid land. Navigation on the river would be


CLASS COMPOSITION OF AMERICAN FARMERS
RICH FARMERS
MIDDLE FARMERS
POOR FARMERS
Each disc represents 10 per cent of value produced
Each farmer represents 10 per cent of all U. S. farmers
Based on 1940 census

The returned soldier with limited capital would face the competition indicated above, if he tried to start life as a farmer. This chart by Pictograph Corporation.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

improved, and we would see an end to the disastrous floods both on the Missouri and the lower Mississippi, which now costs on the average more than $100,000 a day, year in and year out.

An enterprise like the Missouri Valley Authority can mean a tremendous increase in population, in average income and in standard of living throughout this large area. It can therefore mean a net addition to our national prosperity amounting to billions of dollars annually. With irrigation, many thousands of extra farmers will be needed and the annual value of crops may be doubled, quadrupled or increased tenfold. Hydro-electric power can bring in its wake large numbers of new industries. Improved navigational facilities mean that some of the tremendous increase in the carriage of goods will be by water as well as by land. The experience of the Tennessee Valley Authority has shown that the new lakes and the deepened rivers created by the system of dams and reservoirs gives a huge impetus to recreation, which itself becomes an industry of large potentialities.

The Missouri River Valley is not the only area available for such treatment. There are other parts of the country in which the same principles can be applied. The Arkansas River needs to be harnessed, and only a beginning has been made as yet in the Columbia Basin. We have tasks awaiting us which can productively employ hundreds of thousands over long periods of time, tasks which will augment the annual income by billions while at the same time putting an end to the disasters of floods, deforestation and erosion.

These great jobs can be supplemented by others of the greatest value. By any sort of minimum standard of decency, we shall need every year for ten years at least a million new houses in our cities and towns, and 300,000 more on farms. Including land, grading and utility connections, they will average $4,000 each. We can spend to advantage on such houses at least $6.5 billion annually.

There is an accumulated shortage of good roads in this country of about 25,000 miles of hard-surface highways with two lanes or more, and 10,000 miles of feeder roads. The Public Roads Administration says that we could spend to advantage in this field in the next fifteen or twenty years more than $15 billion.

Even with a population which will probably become stationary or decline somewhat in the 1950's and 1960's, we have a shortage of proper educational facilities. The United States Office of Education estimates that we should spend $5 billion in equipment as soon as possible and then increase our annual expenditure permanently from $3 billion to $5 billion.

Public health and sanitation require prompt attention. There is a shortage of hospitals and of adequate water systems, sewage-disposal plants and means for getting rid of the waste products of factories, mines and oil wells. We also need to spend substantial sums on guarding against epidemics, and on bringing the very poorest elements in the population up to a minimum level as regards medical and dental care. All these items together require, according to the United States Public Health Service, about $1.3 billion for five years, $1 billion for the next five years and $800 million a year thereafter. These figures take no account of the cost of medical research. What would it be worth to the country to find a cure for cancer or tuberculosis, or any other of the diseases which cripple or kill so many every year?

The problem of soil erosion will not be met entirely by such plans as a Missouri River Authority. All over the country, farmers need to be taught what to do to avoid the permanent destruction of the precious and irreplaceable top soil without which this country would be a desert within another century. Dr. Hugh Bennett, chief of the United States Soil Conservation Service, says that waste through erosion could be entirely stopped in a couple of decades at a cost of not more than $125 million a year, of which at least $50 million would come from private sources.

All of these projects for housing, roads, medical care, soil erosion, education, could be carried through for only one-sixth as much as the cost of the war, and half the money would come from private sources. That is to say, they could all go on a year for what the war costs every two months. Taxes could be reduced 80 percent and could still pay the whole bill, without borrowing.

All the enterprises listed above are desirable in and of themselves, without reference to any particular stage of the business cycle. It is obvious, however, that those which involve large federal expenditure could be used as a flywheel to control the wild gyrations of our economy. If we wanted to, we could slow down some of these expenditures in good times, when private employment was high. Then when the business cycle turned downward, and we began to see unemployment on a large scale, the public-works program could be accelerated, *using plans already prepared*, merely speeding up the rate of construction of enterprises already under way. Combining this with other things such as a wise program of taxation, the fluctuation between prosperity and depression could be reduced to a very gentle series of waves above and below a straight line.

There is no longer a frontier in the sense of millions of acres of free, fertile land for homesteading soldiers. Whether there will be a sufficient industrial frontier created by private enterprise in the shape of new industries supplying employment to millions is extremely doubtful. There is, however, a frontier which government and the people together can create, in the form of great new regional developments and the rebuilding of cities, which can offer millions of jobs and improve the general standard of living, not by extension of the nation but by intensive improvement of what we have.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

The Goal We Aim For

FEW CITIZENS of the United States would deny that what they desire most when a peace economy is reëstablished is a job for every man and woman who wants to work for wages. Inseparable from this aim is another—that the production of goods and services needed by the people of the United States should be limited only by the number who wish to work and by the amount of time they wish to stay at their jobs. Full employment and full production are the words ordinarily used to describe the achievement of these purposes. These are, however, very general terms. It is possible to put more concrete meaning into them by making a few estimates in terms of figures. How many will actually want jobs and what will the national product be if they are all at work? [1]

Let us assume that the war has been won, that the reconversion of industry to civilian production is completed, and that it is now the year 1950. The total labor force in that year is tentatively estimated by the National Planning Association as 61.5 million. This figure is arrived at by the following method: The census tells us what the labor force was in 1940. We know about how rapid the growth of population is, and therefore how many people would want work in 1950 if there were no change in the composition of the labor force. This calculation results in the round number of 60 million. Certain minor changes, however, will have occurred. Six million extra persons were drawn into gainful employment as a result of the war. Some of them had been retired, some of them were women, some of them were boys and girls who normally would be in school or college. It is estimated that most of these will again cease to be breadwinners when the war is over, but that two millions will wish to remain employed. We also estimate that military losses will remove half a million men from the labor force. The result of these corrections leaves us with a total of 61.5 million.

Not all these people will be at work in industry or trade. Let us say that about 2.5 million will be in the peacetime military establishment. About 7.5 million will supply the needs for agricultural products. About 1.5 million will always be in process of shifting from one job to another. These are not always the same persons. They constitute what is called "frictional unemployment." That leaves about 50 million for other occupations. We could go on and estimate the approximate number that might find work in manufacturing, trade, public employment and the other principal sectors, but that is not necessary for the present purpose.

This, then, is approximately the employment target we have to shoot at. What is the value of the total product which these men and women would produce if they were all at work? This also is possible to estimate with a fair degree of assurance. We know what the value of the gross national product was in 1941, and we know how many people produced it. Dividing the product by the number of workers, we find that in that year there was an output of $2,350 per worker employed. We know that because of the steady improvement in machinery and methods, per-capita output grows at the rate of about two percent annually. We thus can estimate how much each employed worker would produce in 1950 if prices do not change. We can multiply that by the number of workers there will be. The conclusion is that the gross national product in 1950 will have to be worth about $170.1 billion if full employment is to exist. Of course the figure would be even higher if prices are higher in 1950 than in 1941.

We shall have to arrange our economy so that this much is produced if we are to have full employment and full production. Goods and services worth $170.1 billion constitute a lot of product. It is, for instance, more than three times as large as the total for the depression year 1933, when the national product was something less than $55 billion. It is more than 70 percent larger than in 1940, the last year of full peacetime production, when the national product was $97 billion. The only year that exceeds it is 1943, when the product was $186.5 billion, but in that year the government bought half the amount. Imagine the expansion of private activity which will be required to fill the gap when government expenditures fall to their peacetime level! There is no doubt that we could produce that much; the only doubt concerns whether we shall have the money to buy it.

In order to understand how such a total may be attained, we shall have to make a trial budget for the national economy as a whole. We shall have to see how much the various elements of that economy might receive in income and how much they might spend. Let us do this on the assumption commonly held: that private enterprise is going to expand enough to fill the gap caused by the cessation of governmental war spending, and that the government will have a balanced budget. On this basis a fair estimate is that the federal government will spend about $19 billion annually when peace is established. State and local governments, if they balance their budgets, are likely to spend about $9.6 billion. The remainder of the product

[1] The figures in this article are taken from "A Preview of National Budgets for Full Employment," published by the National Planning Association. For further elaboration, the reader is referred to this document. It should be borne in mind, however, that the force of the argument does not depend on the specific figures used. Substantial changes in the estimates may be made without altering the principles involved. — THE EDITORS

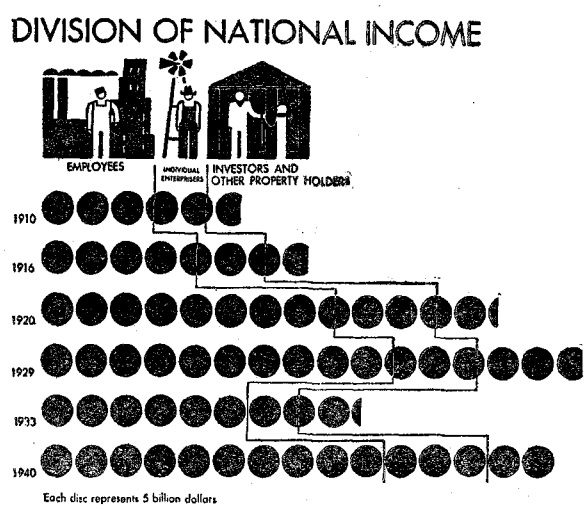
LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

must be accounted for by the spendings of business and the spendings of individuals. The main items in business spending, in so far as it does not overlap individual spending, consist of new investment in buildings, equipment, and so forth. Construction of new dwellings is regarded as part of business investment. A fairly high estimate for this total is $21 billion. That leaves $120.5 billion for individuals to spend for goods and services in order to make up the whole national product of $170.1 billion.

That looks on the surface like a possible budget. Investments by business would have to be larger than they ever had been in the past and would have to continue so year after year. The nearest approach to the $21 billion level was in 1941, when industry was tooling up for war production, and then business spending fell about $2 billion short of this sum. In peacetime the most that business ever invested was in the boom year 1929, when it spent $3.5 billion less than the estimate for 1950. Skeptics may doubt whether private business will reach and maintain any such level. The figure, however, is not so far above the best former records as to be entirely out of the question. The money invested by business would be derived partly from its own surplus and reserves and partly from the savings of individuals.

Individual consumers' spending according to this budget would have to be about $30 billion larger than it ever has been. The high point for purchases by consumers was reached in the war year 1943, at $91 billion. We need not doubt that consumers want enough more goods and services so that it would be possible for them to spend this amount, if their income were sufficient and the goods were produced. Both of these requirements would be fulfilled under the proposed budget.

There is a catch in these figures, however. With a national economic budget of this kind, individuals would have a total income, after paying taxes, of $131.2 billion. Of this they would be expected to save $10.7 billion, which would be devoted to private investment. The remainder is the figure given above for consumers' expenditures. But in the past, individuals have usually saved a much larger percentage of their income than this. If past savings habits continued, they would save more than $16 billion and spend only about $115 billion. Total spending would therefore become less than $170.1 billion and unemployment would ensue.



The chart shows the share of the national income at selected periods over thirty years, before the present war, going to employees, individual enterprisers, and investors and other property holders. Chart by Pictograph Corporation.

What sort of adjustment can be made to bring the total back again where it must be if our aim is to be achieved? One obvious way is for the government to spend enough more to make up for the deficiency in the spending of individuals. Unless the government could find a way of taxing away the excess savings, this would mean that the budget is no longer in balance and there is a governmental deficit.

Another way is for business to invest more than is allowed for in the trial budget. It would have to spend $29 billion or more in order to keep total spending up to the mark, without a government deficit. Private investment would have to be even higher than that if the government were to have a surplus and start to pay off the debt. But it is almost incredible that sufficient opportunities for investment would exist to maintain so high a total. We should, for instance, have to spend regularly about twice as much on new residential building as ever was spent for that purpose before. There would have to be gigantic new industries which could keep on growing rapidly. Their growth would have to require more investment than the automobile and other big new industries did in the prosperous 1920's. Maybe it will happen, but we would be reckless to count on it.

There are an endless number of possible variations in such a budget for the economy of the country as a whole. One principle, however, holds true for all of them. Unless business and individual consumers together spend enough money, we cannot have full production and full employment. We cannot have it, that is, without enlarged governmental spending, probably accompanied by a federal deficit. It is easy to put down on paper figures which add up to the right amount, but it is not so easy to see exactly how business and consumers are going to spend enough. If they do not, then government must make up the difference if full employment is to be maintained. It must be ready with public works, river developments, housing and other useful projects in order to assure the achievement of our major aim.

Now let us turn from figures and take a look at another aspect of the national economy which will have to be attended to, if business and individuals are to spend anywhere near enough to assure full employment. What is it that limits the amount of investment which private enterprise will make? Lack of capital might conceivably limit it, but this is hardly likely to

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

do so in a situation in which there is a constant tendency to save more than is invested. The chief limitation is usually set by the size of the market for goods, at the prices charged for them. If the market is to be sufficiently enlarged, consumers must have more purchasing power. The only way to keep purchasing power growing is to pay higher wages or charge lower prices, or both.

Fortunately, the technical possibility for a steady increase in wages and reduction of prices exists. We have seen that the output of physical goods per wage-earner increases at an average rate of about two per-cent annually. Sometimes the advance in efficiency is even more rapid than this. When a wage-earner turns out more in a given time, the unit cost of production decreases. This widens the margin between costs and prices, and provides the opportunity to raise wages or reduce prices.

If employers follow the policy of passing on to workers and consumers the gain from technological advance, all is well. Consumers' purchasing power increases, markets expand, more can be produced, and more can be invested. Though the employer makes no larger profit per unit sold, he can sell more units and thus his total profits grow. Unfortunately, however, industry does not consistently follow this policy. Monopolies or partial monopolies tend to hold up prices. Cartels based on patents withhold important technical improvements. Even where no monopoly in the legal sense exists, industries dominated by big corporations frequently have enough power over prices so that they can hold them higher than they would have been if competitive forces had been acting freely. The area of "administered prices" is a very wide one in the modern economy.

If private enterprise is to bring about full employment without much governmental assistance, it must turn over a new leaf in this respect. It must consent to the abolition of all monopolistic practices. In cases where monopoly does not exist, but where the price policy is decided by big corporations, these corporations must promptly pass on to the workers and consumers all gains in efficiency of production.

In spite of the fact that this is the essential condition of maintaining full employment and full production in a private-enterprise economy, it is utopian to expect that business as at present organized will follow this policy. The only possible alternatives, however, are either less saving or increased governmental activities, if depression is to be avoided. Can government break the stranglehold of monopoly? If not, will it substitute public enterprise for those areas of private enterprise which restrict expansion? Or will it successfully regulate prices? Or will it spend enough more to bring full employment? There are no other ways in which the aims we have set can be achieved.

The World As Opportunity

THE SIMPLE, basic and controlling fact about the opportunity for trade abroad after the war is that it will not exist to any appreciable extent unless there is opportunity first for fruitful trade at home. A sound home economy will be the first requirement for a sound foreign trade. Prosperity for the United States will not be determined by the existence or absence of foreign markets. But foreign markets, which potentially are almost too great for measurement, will never become realities, and certainly not realities on a sound, continuing basis, unless there is a strong American economy to give balance and stability to the rest of the world. That is one measure of the power of the United States.

A great demand for American goods exists today in most parts of the world. Latin America has sold raw materials to us during the war and been unable to purchase in return many manufactured goods from us. Latin American countries, therefore, have built up substantial dollar deposits which they will spend in the United States as soon as our factories begin turning out new automobiles and bathtubs. But measured in terms of total home demand for those goods, the purchases from Latin America will be extremely small. After the first rush is over, purchases will rapidly fall off unless those Latin American countries can find new dollars.

All of Europe and Asia will want machinery, tools and finished products in order to rehabilitate devastated territory. Some few countries will have gold with which to make limited purchases, but none of them can continue to buy American goods for any length of time and on any basis worth measuring unless the United States will purchase from them or extend dollar credits. And whether we buy abroad or make loans abroad depends to a large degree upon the health of our own economy. Foreign nations cannot purchase from us unless we buy from them or make loans to them.

If we have full employment at home, it will be far easier to argue that we should allow foreign goods to come into this country than if we have breadlines. The Hull reciprocal-trade program will be much easier to put into effect if the spectre of unemployment does not haunt the American worker. It is all right to argue in classrooms that it is economically desirable to import Argentine beef, but if Western cattlemen cannot find markets for their own beef the argument will never get far in Congress.

If there is full employment, who would become greatly disturbed if a few people were temporarily

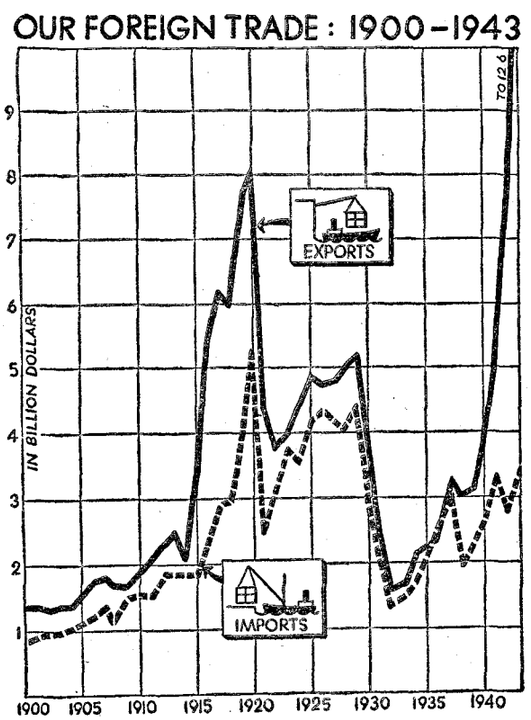
LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

thrown out of work because tariffs were lowered? Lower tariffs mean that the cost of living will be lowered for the American family. Those who are unemployed today would find employment tomorrow as a result of the increased purchasing power that would exist in the average home. But if 10 million Americans are unemployed, would it be politically possible to lower a tariff if by so doing even a few persons would be forced to seek new employment?

The greatest decade of foreign trade was between 1920 and 1930. In 1929, our investments abroad plus our spending abroad for goods amounted to more than $7 billion. In that year our exports exceeded $5 billion, and foreigners made heavy payments to us on other accounts. By 1932 our foreign investments and purchases had dropped to $2 billion. Foreign countries were as much in need of American capital and goods as ever, but depression in the United States made it impossible for us to buy from them or make loans to them, so our total exports fell in 1932 by more than one-third. Americans who were dependent on the export trade for jobs joined their neighbors in the breadlines.

"Our domestic and our foreign economic policies are interrelated, each affecting the other, and they can only be made fully effective if they are considered as complementary," Lauchlin Currie, deputy administrator of the Foreign Economic Administration, has said.

In the years between the two world wars, the British Empire was America's best customer. It took 41 percent of all our exports. Among the nations, England was our best customer. We sold comparatively small amounts to the millions of people in China, Africa and the Middle East.



The chart strikingly shows how closely imports and exports parallel each other except in wartime. Drawing by Graphic Associates for the Foreign Policy Association Headline Book, "A Peace That Pays."

Despite those simple and well known facts, a widespread misconception has grown up about markets abroad. We hear people saying today that we must not ship machinery to Brazil and China because they might then become industrialized and compete with us. What they forget is that only an industrial nation has the wealth with which to buy from us. Agricultural nations have never had the capital with which to buy American goods on any large and sustained basis.

In a speech a few weeks ago in Boston, Dr. H. H. Kung, Chinese Finance Minister, said that the industrialization of China will create a tremendous market for American goods in the postwar period. It will not reduce the size of our market in China, as some persons profess to believe. "The Chinese government," Dr. Kung said, "aims to follow an economic policy that will raise the standard of living of the Chinese people so that they will be able to buy more from abroad. If the buying power in foreign goods of every Chinese is raised $5, the total increase would then amount to $2.5 billion." Yet some shortsighted persons still say we should not help agricultural countries to become industrial countries. They forget that as the standard of living in other countries is raised, so will it be raised here. This is still one world.

Another point worth remembering is that without the participation of the United States world trade will not thrive. This should be apparent to all who remember the disastrous effects of the Hoover tariffs in accelerating the speed with which depression was overtaking the world.

The United States will enter the postwar era in a position to give substantial stimulus to international trade and commerce. We shall want to utilize our manpower and industrial resources. We shall have the greatest industrial plant on earth. We shall have surplus materials, agricultural products and factories which, if properly utilized, will assist in the economic rehabilitation of devastated countries. The sooner those countries get on their feet the safer the world will be.

The question is how to do the job. In the two decades between wars economic nationalism became one of the fundamental facts of life. No nation escaped the disease. Nearly all nations must share some part of the blame for its spread. High tariffs were the rule in the United States in the twenties and even in the thirties despite the reciprocal-trade program. Empire preferences were adopted by the British Empire. Russia was isolated. Germany, intent on war, depended upon barter, export controls, trade quotas and other restrictive means to obtain raw materials for a war economy. If peace and prosperity are to be established, all these hindrances to trade must be abandoned.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

The first imperative, of course, is freedom from fear. If political security is not obtained through the United Nations organization, attempts to stabilize and free world trade will go by the board. But if international relations are on a firm footing, it should be possible for the nations of the world to come together in a program to assure freedom from want. The economic and technical skills have been developed to the point where no longer is it necessary for men to go hungry.

In the Bretton Woods agreements we have specific proposals for implementing the promise of freedom from want. They are by no means a cure-all, for they say nothing about tariffs and similar trade barriers. But they do deal with two great needs, the need for stable currencies and the need for international loans for reconstruction and development. Forty-four nations have given tentative support to the Bretton Woods agreements.

The first part of the conference was devoted to working out plans for the International Monetary Fund, the purposes of which have been described briefly as follows: To promote international monetary coöperation; to facilitate the balanced growth of international trade; to promote exchange stability and orderly exchange arrangements; to assist in the establishment of a multilateral system of payments; to give confidence by making available the Fund's resources; and to shorten the duration and lessen the degree of disequilibrium in the balance of payments.

The second part of the conference was devoted to the organization of the International Bank for Reconstruction and Development. Its purposes have been described as follows: To assist in reconstruction and development of territories of members by facilitating the investment of capital for productive purposes; to promote private foreign investment by guarantees and participation and, when private capital is not available on reasonable terms, to supplement it by providing out of its own resources; to promote the long-range balanced growth of international trade; to arrange for loans so that the more urgent projects will be dealt with first; and to conduct its operations with due regard to assisting transition from war to peacetime economy.

In addition to the Fund and the Bank, President Roosevelt is expected to ask Congress to increase the lending capacity of the Export-Import Bank from the present limit of $700 million to $5 billion. The money would be made available on a loan basis to foreign nations anxious to rehabilitate their countries by means of imports from the United States. The chief purpose would be to bridge the gap between the end of Lend-Lease and the beginning of the International Bank. The United Nations Agreement on Food and Agriculture also will assist in bringing nations closer together by an interchange of information on technical developments in food and agriculture.

A final warning should be given: However impressive our world trade may become, alone it cannot guarantee domestic prosperity. The total amount exported by a country like the United States is only a fraction of its potential productive capacity. Exports do not provide the answer to the problem of full employment. They are only part of the answer. But in the answers to the problems of world trade are many of the answers to the problems of peace. We know, out of our experience in the war years, that there can be no such thing as a free and prosperous commerce in a world at war. We should also know, out of our experience of the twenties and thirties, that peace does not long survive depression and economic nationalism.

Economic Barriers to Opportunity

NOW THAT the end of this war is in sight, the American people are still without a bold and concrete plan for peace. Some people, who like to think that Mr. Baruch and the CED have the brave new world all mapped out, are optimistically predicting that our boys will come marching home to a prosperous new economy with jobs and security for all. But others are more realistic. They know that unless the people recognize the urgent need for planning before it is too late, our vision of a new economic order will be broken by the groups which controlled our economy in the past, and intend to regulate it in the future.

During the war we have taken a long step toward abolishing the old economic barriers of low wages, fear and insecurity. Under government controls, our national income has risen to about $158 billion and unemployment has been largely wiped out. Our technicians are looking forward to a new age of light metals, plastics, television, synthetic rubber, aircraft, plywood and electric power. If we choose to harness it for the postwar era, this dynamic new economy could guarantee our soldiers the kind of society they hope to return to (as war correspondents have told us): one in which they can choose between returning to their old jobs or using the new skills they have learned. A specific postwar plan might eventually ensure an economy in which everyone has jobs and security, adequate medical care and housing, and enjoys the opportunity "to gamble on his abilities or on the efficiency of his concern and to win or lose." We have accumulated enough war savings to stimulate the needed production. The only thing we lack is the plan itself.

But plans are not lacking among the cartels and monopolistic organizations which dominated our economy

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

before the government was forced to step in. They have started a propaganda campaign for a return to our prewar system of "free enterprise." Briefly, they argue that our new war plants should be allowed to become the spoils of monopoly; that established plants should have first access to raw materials; that cartels should continue their control over international trade; and that new transportation techniques which would allow a postwar industrial expansion of the South and West, should not be allowed to develop. To prepare the public for this poignant return to the past, they are squelching all predictions of new consumer products after the war. Since these groups have become stronger than ever during the war, and since we are evidently placing America's future squarely in their hands, it is pertinent to reëxamine their record. How would a cartellized economy affect our hopes for postwar full production, full employment and higher living standards?

The record of the Aluminum Company of America may help you to answer this question. Alcoa will occupy an important strategic position in a postwar era of light metals. Aluminum and magnesium will be indispensable raw materials to many of the industries which are expected to play a leading role in building our new economy. A cheap, abundant supply of these metals will obviously be necessary if these industries are to expand and provide jobs when the war is over.

Alcoa has held a very strong control over alumina and virgin aluminum ingot for the last 50 years, and is a member of a patent cartel which regulates magnesium supplies. Its influence also extends into aluminum manufacturing. In 1939 Alcoa manufactured over 80 percent of aluminum sheet, over 75 percent of aluminum extrusions, 100 percent of aluminum wire and certain other vital industrial products.

Ever since 1937, the Department of Justice has been fighting Alcoa through the federal courts; the case is now pending before the Circuit Court of Appeals. According to the Department, Alcoa has wiped out competition by buying up water-power sites, building power plants and generating its own electricity. Many of these power sites remained undeveloped before the war, and because of the apparent power shortage, the government entered into the notorious Shipshaw deal, in an effort to obtain aluminum from Alcoa's Canadian associate. Alcoa eliminated its only aluminum-producing competitor long ago, and it has successfully blocked all subsequent attempts at production in this country. It has entered into exclusive contracts with power companies, which forbid these companies to sell electricity to any other producer of aluminum. In order to squeeze independent fabricating companies out of business, Alcoa has resorted to the simple but effective device of raising the price of raw materials and lowering the price of finished products. There has been a world control of aluminum, in which the North American member has been a Canadian company, not organically connected with Alcoa, but obviously heavily influenced by it.

These measures have enabled Alcoa to keep aluminum prices at an arbitrarily high level. During the last war, aluminum prices rose 100 percent before government control went into effect. Immediately after these controls were relaxed, aluminum prices rose again. Alcoa's influence on production can be gauged by the fact that from 1920 through 1937, world aluminum production rose 500 percent, while American production increased only 48 percent. These figures explain why America was faced with a serious aluminum shortage when war broke out. They also explain why some experts are inclined to be skeptical about the postwar era of light metals, with its immediate jobs and lower consumer costs. For Alcoa's control over aluminum production and prices has discouraged American industry—particularly our automobile companies—from obtaining aluminum in sufficient quantities. Some companies have been forced to discontinue their use of aluminum, to retool, and to employ steel or other substitute metals. This is an ill omen for our would-be manufacturers of lightweight railroad cars, housing fixtures, automobiles and aircraft.

As far as its basic policies are concerned, Alcoa is a typical monopoly. The primary purpose of any cartel, domestic or international, is to fix prices higher than would otherwise obtain. This explains why, for instance, before the war, false-teeth wearers had to absorb an arbitrary mark-up of $44; why malaria sufferers had to bear an artificial price differential of $7.50 on the vital atabrine they needed; and why industry was forced to accept a similar differential of $450 in order to get the cutting tools it needed.

But in order to hold prices at these levels, monopolistic concerns have to restrict output. In other words, whenever they are faced with a choice of keeping prices high by discharging workers, or lowering prices to protect workers and stimulate production, they choose the former. An industry-by-industry comparison between the decline in payrolls and the drop in prices from 1929 to the depression low, furnishes a vivid illustration of this practice. One highly concentrated industry—agricultural implements—reduced its payrolls by 83 percent and its wholesale prices by 14 percent. Another monopoly, that in cast-iron pipe, cut its payrolls 74 percent and its wholesale prices only 7 percent. The leather industry, which is more competitive, lopped its payrolls by only 42 percent, but cut its wholesale prices 44 percent. And the silk and rayon industries both cut their payrolls 55 percent and slashed their wholesale prices 61 percent.

These are only random examples; you can find many others among depression statistics which provide the same comparison. They go a long way toward explaining why we still had nine million people unem-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

ployed in 1940, and why the Department of Commerce predicts that if in 1946 we return to 1940 production levels we shall experience a 30-percent drop in output, and be left with 19 million unemployed. For every stage of our economy, and nearly every product, is directly or indirectly affected by monopolies.

Large monopolistic profits form a natural corollary to high monopolistic prices. During one 50-year period, Alcoa made a net income of over $335 million. In some years, big tobacco firms have enjoyed a net profit greater than the entire gross price paid to our tobacco farmers. Each year American property owners pay $1 billion in premiums to the fire-insurance companies, but only about $400 million is actually disbursed in losses. These profits are hardly ever spent to encourage production and effect higher living standards. Instead, they are placed in banks, where they constitute less of a threat to cartel prices. During the war, large corporations have been salting away much of their net profits in tax-free reserves.

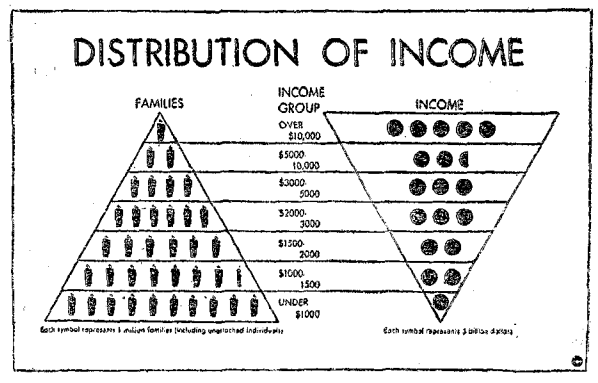
In short, every policy of our established monopolies runs directly counter to the kind of economy we want to build after the war. Those who hope for postwar prosperity expect that it will come through low prices, large-scale employment and increased purchasing power, which will stimulate production all over again and raise living standards with each turn of the cycle. But the monopolistic groups want to maintain the economic status quo in order to protect their obsolete capital structures. As the record shows, they fear nothing more than full production and full employment. And so they continue to restrict production and to curtail the supply of raw materials to hold prices up; they disbar new enterprise from the field; and—as we shall see—they sabotage new industrial techniques. Judge Thurman Arnold recently pointed out the results of these policies, in a brilliant speech at the University of Chicago:

> They destroy real wealth instead of creating it. These policies create crises in agriculture because the farmer gets less and less industrial goods in exchange for his products. So [he] demands that the government assist him in playing the cartel game by restricting production in order to raise farm prices. Unemployment grows, and labor, seeking to stabilize jobs, boycotts more efficient methods. These restrictive practices spread all over production. They compel the government to maintain production at artificial prices that an unsubsidized market cannot support. At this point, political government splits into irreconcilable pressure groups, while the increasing numbers of unorganized and insecure compel it to provide relief out of a diminishing income. We suffered through this for ten years until the war forced us into full production in spite of ourselves. . . . It is an order of ideas that can produce neither wealth in peace nor strength in war.

Technological change furnishes an indispensable key to any economy of abundance. New chemical processes and new industrial methods unlock endless possibilities of more efficient production, better transportation, lower prices, a variety of new consumer products and, most important of all, jobs. But these very advantages of scientific progress constitute a challenge to established industries. That is why, in a postwar economy run by the prewar interests, technological change would necessarily be discouraged, along with competition and expanding production. Resistance to change may be undertaken by a monopoly with several billions tied up in obsolete equipment. Or it may—in the absence of effective postwar plans—come from labor unions which fear lower wages and unemployment. It will have to be averted if we want to guarantee our soldiers and war workers jobs and a chance to use the new techniques they have learned during the war.

New transportation techniques offer a tremendous potential field for postwar employment and industrial advance. They could knit our entire economy closer together by reducing the time and costs of marketing. Most Americans are looking forward to a postwar age of aviation. Why not? Experts are predicting that we shall be able to produce 15,000 cargo planes a year after the war. Henry Kaiser has given some indication of what this might mean in terms of lower cost, by predicting a postwar air-cargo rate of 5 cents a mile per ton if competitive conditions prevail. The present rate is 60 cents a mile. Assuming a free, competitive aviation industry, it would require relatively little money to purchase and operate cargo planes. The present investment in airlines is $70 million—less than the cost of the Pentagon Building.

There is just one catch. The railroads have $26 billion invested in roads and equipment which might be obsolete in a new air age. The logical solution to this problem would seem to be for the railroads to reconvert to lighter, more efficient equipment, which they will eventually have to do anyhow. This might mean a temporary loss for some roads, but it would represent a long-term gain for all in terms of expanded employment and lower rates.



The chart shows vividly the number of people found in each income group in the United States at the beginning of the war. Chart by Pictograph Corporation.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

But the railroads are not interested in the long-term view. So they have formed a tight little transportation monopoly which has successfully eliminated the competition of our domestic airlines. The Railway Express Agency, owned by 70 railroads, has identical contracts with the 16 airlines, whereby it is agreed that air-express rates shall never be less than twice the rail-express rates (actually, air-express rates were kept about eight times higher than rail-express rates). These contracts, moreover, gave the American Railway Express a complete monopoly on pick-up and delivery service for air cargo, and the power to route air cargo. While these monopolistic provisions were removed from the contracts under pressure from the government, the contracts remained; railroads, through their wholly controlled Express Agency, continued as the exclusive pick-up and delivery agency for the contracting air lines and air-express rates are still six times higher than rail-express rates. The railroads are now urging the adoption of a scheme which would enable them to acquire complete ownership of our airlines. Following the same general strategy, the railroad-sponsored Transportation Association of America is plumping for "regional transportation systems" which would effectively subordinate the airlines to the railroads.

However, the railroads have not confined themselves to blocking the development of the aviation industry. In 1928, all the major railroads operating west of the Mississippi River got together and formed the Western Association of Railway Executives. (In 1934, under the articles of association of the Association of American Railroads, the Western Association of Railroad Executives, together with the Eastern Presidents' Conference and the Southeastern Presidents' Conference, were subordinate "coöperative" bodies to the Association of American Railroads.) The chief purpose of this happy brotherhood was, as their written Agreement entered into in 1932 (called the Western Agreement) euphemistically put it, "to avoid practices which will dissipate railroads' earnings in the Western district." This agreement, which set up the "commissioner plan," was devised in order more effectively to carry out the purposes enunciated. A Western Commissioner was elected and the Committee of Directors established to implement this intention. Before a member railroad was permitted to make changes in rates, operating policies or facilities objectionable to competing railroads, the approval of the Western Commissioner and the Committee of Directors had to be obtained.

The Association pegged freight rates at a high level, which discriminated against Western and Southern shippers in favor of those in the East. At present, it costs $15.60 per thousand pounds to ship work clothing in carload lots 817 miles from Macon, Georgia, to Chicago, while the rate from Philadelphia to Chicago, 814 miles away, is only $11.20. A Denver shipper must pay $29.40 per thousand pounds to send his goods 1,083 miles to Evansville, Indiana, while a shipper in New London, Connecticut, shells out only $18.40 to the same destination, 1,088 miles away. The marketing of industrial products under class rates costs 37 percent more in the South, and about 71 percent more in the West, than it does in the East.

The committee was the most interesting part of the whole arrangement. Its headquarters were at 40 Wall Street, New York City. Among its members were the bankers who finance all of our big railroads, and much of our big business, in the East and West. These directors controlled the Western cartel by "using [their] influence to persuade the erring road to conform." Small roads showed an almost unanimous tendency to conform. How can you buck a monopoly controlled by the country's largest financial interests, whose headquarters are hundreds of miles away?

Two weeks after the Department of Justice brought the Western Agreement to public view, it was allegedly canceled, but spokesmen for the Western roads have publicly announced their determination to continue its practices. The Western Association of Railway Executives continues to function. The West is not the only part of the nation plagued by the monopolistic practices of the railroads. Through the private rate-making monopoly of the roads, freight rates, particularly in the West and South, have been pegged at a high level discriminating against Western and Southern shippers in favor of those in the East.

The Department of Justice, among other things, in its civil action against the Western Railroads for allegedly violating the anti-trust laws, filed August 23, 1944, charges that the railroad monopoly dominated by the Eastern bankers has suppressed industrial development in the West. The operation of this monopoly certainly helps to explain why the West and the South produced only 35 percent of our national income in 1939, although they contained 47 percent of the nation's population. Through collusive action, the railroads have been enabled to maintain high rates in grain and other agricultural products, and petroleum, iron and steel coming out of the West. The government's new steel plant at Geneva, Utah, provides an excellent example of how high transportation rates may stymie industrial development and decentralization after the war. This $200-million plant produces more than a million tons of iron and steel yearly, for Pacific Coast shipyards. The high freight rates form a major part of the ultimate price of the steel. The RFC has requested that the Western roads lower their rates. Despite this request, rates have not been altered.

Consumers have an immediate stake in breaking this blockade against new techniques. They are forced to accept obsolete equipment at excessive prices. Thanks to repressive effects of the Western Agreement and the Western Association of Railroad Executives, a

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

large part of the traveling public is still riding in hot, stuffy trains, many long years after air-conditioning has been proved commercially practicable for railroad operation. Other railroads of the nation have refused to install radio equipment which is vital to public safety. The railroad interests have throttled the rate competition of motor and water carriers, as they have choked off competition from the airlines.

Until recently, railway-car production has been under the exclusive control of one of this country's strongest monopolies: the Pullman Company. For the last ten years, Pullman has successfully withheld the use of lightweight sleeping cars, by entering into exclusive contracts with all of our large railroads. The Department of Justice has won a suit against Pullman, which may result in the cancellation of these contracts.

Wendell Berge hit it on the nose when he told the Kilgore Committee recently that "neither consumer demand, adequacy of available capital nor financial security can guarantee the adoption and use of new technologies when there is monopoly control of the market."

Patents will constitute the monopolies' most potent weapon in blocking full production and technological change, unless we alter the outdated laws covering them. Originally, patents were intended to stimulate invention by protecting the inventor against any piracy of his process. Since the last patent law was enacted 108 years ago, every inventor has enjoyed an exclusive right to make, use and sell the product of his invention for 17 years. This sounds innocuous enough. The only hitch is that times have changed since the patent laws were promulgated.

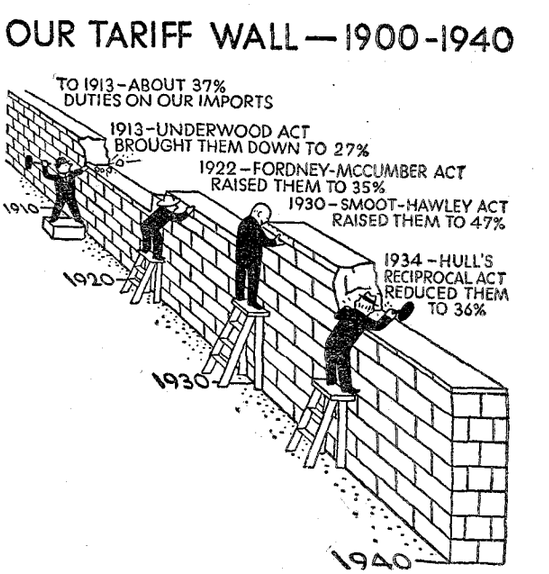
Invention is now seldom the work of one person. Rather, it is the result of mass-production research carried on in great corporate laboratories. A patent is no longer sought as an individual reward. It is coveted solely for the exclusive right it gives a corporation to control the manufacture of a certain product. And invention is rarely concerned nowadays with such simple and tangible products as steam engines and cotton gins. It is carried on in an abstract realm of chemical formulas, where the exclusive right to one patent may enable a corporation to monopolize an entire series of products.

Domestic and international cartels have seized upon patents as a device by which they can control the markets by restricting production and boosting prices. They have resorted to a complicated system of pyramiding patents so that by the time the original patent has expired, the corporation still retains a monopoly. As long as patents are used for this purpose, full production and full employment will not advance from the paper-planning stage.

A few examples will show you why. Selection of specific cases is an arbitrary job, because patent control is now exerted over nearly every material that will be vitally needed in building our postwar economy. Research is now being carried on in glass, in order to develop cheaper consumer products after the war. But glass production is largely monopolized by a firm which owns over 700 patents on the automatic machinery which turns out glass containers. It does not manufacture its own machinery. Instead, it experiments on new machines, patents them, hires other companies to build them and leases them out to glass-container manufacturers.

You could apply the methods used by this company to almost any patent cartel. It has applied for new patents in order to block the development of new machines by its competitors. It has forced its licensees to accept contract terms designed to strengthen its own monopoly position, and that of our glassware companies. And it has driven other companies out of competition with costly infringement suits. This company has cross-licensing agreements with others, which tend to restrict competition in glass products of many types.

Two of the most popular fields of wartime activity have been radar and television. Many of our soldiers are hoping to use their skills in these fields after the war. Thousands of Americans are, too optimistically, expecting a big television industry to develop out of this war, just as the radio industry resulted from the last. A battle is now raging over postwar television standards, which will exert a far-reaching influence over the development of television. One of the contestants, RCA, wants to start producing on the prewar standards when the war ends. It argues that this will create immediate jobs, and obviate the necessity of waiting a year for new standards to be developed. CBS and certain other companies contend that television production should be withheld until they develop new standards.


OUR TARIFF WALL — 1900-1940
TO 1913 – ABOUT 37% DUTIES ON OUR IMPORTS
1913 – UNDERWOOD ACT BROUGHT THEM DOWN TO 27%
1922 – FORDNEY-MCCUMBER ACT RAISED THEM TO 35%
1930 – SMOOT-HAWLEY ACT RAISED THEM TO 47%
1934 – HULL'S RECIPROCAL ACT REDUCED THEM TO 36%
1910
1920
1930
1940

High tariffs mean low exports, and make more difficult payment of debts owed to us abroad. Drawing by Graphic Associates for the Foreign Policy Association Headline Book, "A Peace That Pays."

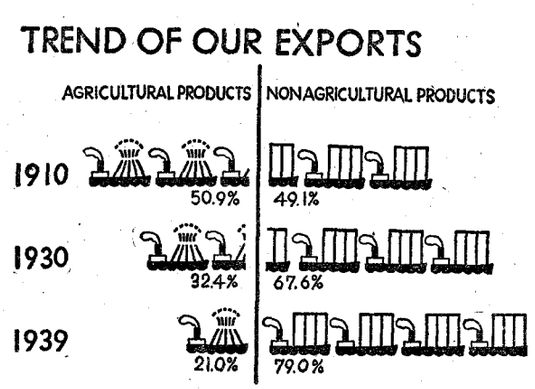
LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Many television experts disagree. They contend that television production should get under way at once after the war, provided consumers are informed that sets are being marketed on prewar standards.

But two strong patent monopolies may have more to say than any other authority, about who gets real control of television. They are ATT and RCA. ATT is widely known as a telephone corporation, but its wires can be used interchangeably for telephone and radio service. This 9,000-patent monopoly has been drawn into radio in the fear that radio groups might some day try to encroach upon telephony. It controls, among other things, much of national chain broadcasting. It holds an exclusive patent on the de Forest tube. RCA (established by General Electric) has a complete monopoly on radio equipment. In 1920, GE and ATT signed a cross-licensing agreement by which GE received exclusive patent rights in the radio field, and ATT was granted similar rights in the telephone domain. Six years later, a more thoroughgoing treaty to the same effect was signed. According to the Department of Justice, this pact wiped out competition among ATT, GE and their corporate partners. Only restrictive licenses were granted to other manufacturers.

All of this is not just ancient history. For although the radio pool was apparently dissolved, some people have alleged that it still continues through an amendment adopted by ATT and GE in 1932. If so, how will the equipment monopoly affect television? After this war, the problem of monopoly in television may eventually overshadow the problem of standards.

Patent cartels have not hesitated to establish health barriers as well as job blockades. Electric-light interests have kept fluorescent lighting from the market for many years because it uses only one-third as much current as the old-style Mazda lamp and would probably lower prices. Yet surveys show that in regions where electric rates are highest, consumers' light bills are lowest; in other words, high prices definitely prevent people from getting adequate light.



Before the war, exports of farm products were steadily diminishing, those of industrial products increasing. Each symbol represents 20 percent of our total exports. Drawing by Graphic Associates for the Foreign Policy Association Headline Book, "A Peace That Pays."

The stranglehold of the cartels cannot be broken unless we legislate immediate and basic changes in the patent laws. The courts have failed to adjust these laws on their own initiative to the complex world of modern invention. They have engaged in ponderous metaphysical discussions over whether a certain process is really an idea, or a method. In doing so, they have bypassed the true issue: the scope of the patent, or the power it will give any one corporation to monopolize the markets.

Thurman Arnold has handed down three far-reaching decisions designed to prevent the pyramiding of patents, and to ensure that patents will fulfill their constitutional purpose of promoting science and the useful arts. This represents an important step forward. For until our patent laws are unqualifiedly revised, the cartels' control will continue to cancel out our hopes for economic opportunity after this war.

Traditional banking policies may constitute another postwar barrier to full production. Unless adequate government credit is made available to them, small concerns may find it difficult to obtain enough capital to operate on. At present, when a small business man tries to get a loan from a large bank, he is often met with outright refusal or confronted with prohibitive rates. Our banks have always made lower interest charges to large monopolies than to small enterprises because there is less risk involved.

Unfortunately, the securities markets are not geared to the needs of small business either. The small independents find it practically impossible to issue stock because of the prohibitive cost, and because the public is not interested in their securities. Less than 10 percent of small business raises its money through capital stock, and only about 22.7 percent of this small fraction of stock is ever bought by the public. The past record of the RFC and the Federal Reserve Board does not offer much encouragement.

We cannot hope to obtain postwar prosperity in a quarantined economy. A return to economic nationalism with its attendant tariffs and trade restrictions after this war, would undo our military victory. Full production and economic opportunity must spread from country to country, or they will eventually be frustrated everywhere. The peoples of the world realize this, and it is extremely unlikely that any government could obtain their permission to erect international trade barriers when the war is over.

But the postwar world may be bound and gagged in an intricate network of tariffs without the people willing it. Listen to this:

> Production in all countries must be balanced and industry and agriculture . . . must agree on a . . . basis of international distribution. The primary parties should be the producers. The role of government should be limited. . . . There should be a group in international agreements by the

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

principal producers, one for each important industry or section of agriculture. . . . So far as world trade goes, the instrument is the private trade agreement.

That is an executive of a big international company, proposing a plan for world cartellization after the war. Various other postwar cartel plans are on record; no one knows how many have been made in secret. If we allow them to be carried out, we shall have made the tragic blunder of returning to the old cycle of economic autarchy, depression and war.

For private cartels are synonymous with international restriction. They are a logical extension of domestic monopolies, which desire to choke off production and opportunity in all countries, in order to eliminate the threat of international competition.

Du Pont and ICI have worked out a cross-licensing agreement covering the entire list of their chemical products, which gives ICI an exclusive monopoly of the English market, while du Pont is granted an exclusive position in America. As a result, there was little trade in chemicals between England and America before the war.

Corwin Edwards' famous monograph cites other examples. The diamond cartel has successfully boycotted the establishment of a diamond-cutting industry in this country. When we lowered aluminum duties in 1939, Canada's Aluminum, Ltd., exported very little to the United States. In theory it could send large amounts, but it chose to send only small quantities, and most of those to Alcoa. American officials failed in their efforts to encourage radio exports to Sweden because world radio markets had already been divided up by private corporations. And so on.

If our Good Neighbor Policy can be taken at its face value, the people of the United States are hoping for closer economic collaboration with their southern neighbors after the war. Such collaboration would certainly help to stimulate production and jobs in both countries. But we have allowed cartels to annex the markets of South America, and to pervert our Good Neighbor Policy to their own ends. Thus, ICI has restricted the manufacture of soda-ash in Brazil; du Pont and ICI have established subsidiary companies to discourage native competition in Argentina and Brazil; caustic-soda manufacture has been largely monopolized in Mexico, Brazil and the Argentine, and the people have found it hard to realize any economic opportunity from their own resources.

The American people are now facing the most important choice in their history. We must decide between two economic worlds. One is a new, expanding economy; the other is an old, dying one. One would bring prosperity and ensure peace; the other would sow economic chaos and reap another war. It is clear that our decision will determine America's future for generations to come.

But it will also shape the destiny of the entire earth. Other nations, already having chosen the new world, are looking to America for leadership. The Bretton Woods Conference was a first step toward a new international economic order. We can only measure up to our international responsibilities by achieving higher postwar living standards at home. Only a sound economic plan will lower the barriers to postwar opportunity in America. The time to work out such a plan is now.

Political Barriers to Opportunity

STUDENTS OF SOCIAL PHILOSOPHY are confronted over and over again with a fundamental paradox. It is not hard to see some of the main things that ought to be done in this country to bring about a high level of permanent prosperity. Several of the things that are wrong seem fairly obvious, and have been for generations; and yet, progress is heartbreakingly slow. It took 30 years of constant education to put a federal policeman into Wall Street and prevent systematic robbery of small investors by powerful insiders. It took about the same length of time to guarantee to workers the right to organize. A federal income tax was achieved only after decades of struggle. Unemployment insurance and old-age pensions had been in effect in some countries for 60 years before we got around to considering them. We let banks fail for many years at a rate which rose to more than 4,000 annually before we could be persuaded to institute a federal guarantee of the savings of the small depositor.

Even now, many important social reforms still lag behind the enlightened conscience of the country. The principle of taxation in accordance with means is not yet firmly established; dozens of states and smaller units resort to sales taxes which bear upon the poor far more heavily than they do upon the rich, and every few months the effort is made to pass a federal law of this sort. Social security is denied to millions because of the accident that their occupations were not included in the original law. The relationship of agriculture to industry remains uncertain and fluctuating, with no guarantee that a large proportion of all the farmers will not be plunged into poverty at any moment through no fault of their own and through no natural calamity such as flood, drought, hurricane or a plague of insects. Indeed, distress for the farmer is more likely to come with perfect crop conditions and bumper yields than in the years when nature frowns upon him. We constantly see a procession of special

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

interests going to Washington and seeking exemption from the restrictions and obligations that prevail for the rest of the community; the latest are the insurance companies, which, flying in the face of reason and common sense, insist that they are not engaged in interstate commerce, and are about to jam through Congress a law supporting this ridiculous hypothesis. It is not surprising that some people ask in despair whether any progress at all is possible, whether the cards are not so stacked by special privilege that the general welfare is hopelessly pushed to the rear.

In answering this question, one should strive to be realistic. Generally speaking, political power goes with economic power, with knowing what you want, and with efficient organization. The Congress of the United States is to a large degree a sounding board for special economic and financial interests. There are members of the House and Senate who have been elected and sent to Washington as messenger boys for important industries. These representatives of privilege make deals with one another: the lumber bloc agrees with the cotton bloc, the spokesmen for steel work with the spokesmen for the banks, and so on. Frequently, the interest of the consumer is buried beneath the strength and selfishness of these other interests.

Many people have noticed a startling difference between the attitude on national issues reflected in the polls of public opinion, and the attitude on the same questions reflected in Congress. Almost without exception, the mass of the people, consulted by the polls, take a more liberal and humanitarian point of view than do the representatives of these same people when they start voting in the House or Senate. The answer is in part that when you are replying to a questionnaire, you can afford to vote for abstract justice, since no personal issue is involved. Far more important, however, is the fact that public opinion exists on two levels. Above that of the grass-roots population, which is interviewed by Dr. Gallup and his confreres, is public opinion at the level which, broadly speaking, gets men nominated and elected to Congress—the level of wealthy and conservative bankers, newspaper publishers, public-utility officials, industrialists and corporation farmers. These are the men who almost invariably vote for property over people, for the America of yesterday rather than the America of tomorrow.

Powerful economic interests have another advantage over the people as a whole in that they know exactly what they want, are organized to get it and are past masters at the art of putting pressure on elected politicians. Through trade associations or otherwise, important business men with a common economic interest are prepared to mobilize for instantaneous action, whether offensive or defensive. In fact, they maintain a standing army which is in action all the year round. Sometimes it uses genuine efforts at persuasion through the printed or the written word. Sometimes—not very often nowadays—it uses open bribery. Sometimes it doesn't have to, since the congressman was put there for the purpose of obeying orders. Social flattery is another powerful weapon. Women, liquor and blackmail are employed when they seem appropriate.

Beyond all this, the forces of conservatism have a tremendous advantage in the battle of public opinion. They control most of the important newspapers and radio stations and they dominate the leading motion-picture companies of Hollywood. The great and ceaseless public debate is heavily rigged in one direction. Occasionally the methods used are very crass indeed. Only a few years ago, the National Electric Light Association, representing the private power companies, was spending huge sums in advertising in small country weeklies, with an understanding that these weeklies would also publish anonymous editorials attacking municipal ownership of power plants. The International Paper and Power Company, a huge concern interested mainly in the power field, set aside $100 million with which to buy newspapers. It got partial or complete control of The Herald and The Traveler in Boston, The Columbia Record and The Spartanburg Herald-Journal in South Carolina, The Greensboro Record in North Carolina, The Tampa Tribune in Florida and four Gannett newspapers in New York State—The Brooklyn Daily Eagle, Albany Knickerbocker Press and Evening News, and Ithaca Journal-News. The corporation had also tried to get control of Il Progresso in New York, The Cleveland Plain Dealer, The Kansas City Star and others. Only the public commotion which followed the disclosure of these facts put an end to this precious scheme whereby a single public-utility corporation would have had control of a large number of the leading newspapers of the United States.

Does all this mean that the fight is a hopeless one, and that special interests will always outweigh the national welfare in the halls of Congress as well as in state and municipal legislative bodies? Fortunately, it does not. Economic democracy we do not yet have; but political democracy exists, and the record proves that it is capable of being used to thwart the desires of the economic interests, no matter how powerful they may be. We have just had a striking example of this in the national election. Only 17.7 percent of the American press favored Mr. Roosevelt and yet he obtained 432 electoral votes to Dewey's 99. He won this victory in the face of the bitterest possible opposition by an overwhelming majority of the powerful and entrenched capitalists of the United States. They poured out millions of dollars to defeat him—without avail. It is possible to name many other cases in recent years in which entrenched wealth has been defeated—direct election of Senators, a federal income tax, control of Wall Street, the breaking up of holding companies, social security, compulsory collective bargaining, to name

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

only a few. As long as we can maintain the forms of political democracy, we still have a chance of bringing about economic democracy by the orderly process of reform. Yet there is no time to be lost. The lines of the conflict are sharpening daily; monopolistic conditions in the realm of ideas are steadily becoming more aggravated.

The lesson for those who would make America over for the abolition of poverty, the maintenance of high and continuing prosperity, seems fairly clear. What is needed is, first, that the progressives shall know what they want; second, that they shall organize and stay organized to get it; third, that they shall study the tactics and strategy of propaganda and pressure politics at least as carefully as do their opponents. If they will do these things, they will win and keep on winning in the struggle—which after all is a never ending one—for a better world.

A Program in Brief

WHAT MUST WE DO to ensure continuous full employment and full production after the war? The preceding pages contain most of the leading features of such a program. But it is well to list them and set them in order.

1. *Avoid postwar inflation.* – Both business and individual consumers have laid aside enormous amounts of money. There is a danger—though by no means a certainty—that these available funds will be poured into the markets for civilian goods as soon as the war is over. In the meantime, the goods in demand may remain scarce because of reconstruction needs abroad and the time necessary to reconvert industry to civilian production. The natural result would be soaring prices and competitive bidding for scarce products. The banks have ample credit resources and their funds might be employed to stimulate an "inventory boom" such as occurred in 1919 and 1920. This would produce real inflation, leading to a subsequent collapse.

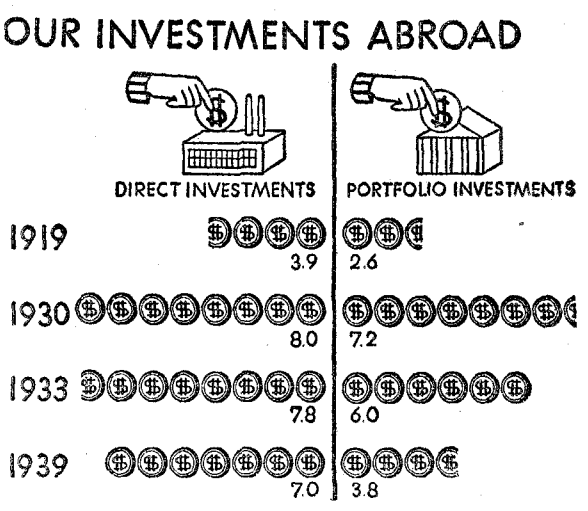
The first safeguard against this possibility is to retain price control and rationing, and perhaps to extend them to commodities which have not been available during the war, until reconversion is well under way and the necessity disappears. Another is to plan reconversion to attend first to the most essential needs, and allocate materials and equipment accordingly. A third is to facilitate the most rapid reconversion possible, by making available materials as they are freed from war uses and by a national program for retraining and relocating the workers now employed in war production. Governmental fiscal policy and central banking policy should be guided by the needs of this situation. Both may be used either to encourage the flow of purchasing power or to restrict it, as the situation requires.

2. *Minimize and compensate postwar unemployment.* – Strange as it may seem, transitional unemployment may be serious while eager customers are using their savings to bid up the prices of scarce civilian goods. This is because millions of war workers will be laid off and soldiers will be demobilized before industry has gone far enough with reconversion to need their services. Unemployment insurance and social security must be extended to fill this gap. Adequate retraining programs will help. The federal and subordinate governments must be ready with construction programs to take up any slack.

3. *Adopt a compensatory fiscal policy for the long term.* – After the immediate shock of demobilization and reconversion is over, it remains to be seen whether the effort of private industry to fill the backlogs of consumer demand will bring about full production and full employment or not.

If it does, and there is danger of an unhealthy boom as a result, the government should retain high taxes, spend less than it receives, cease borrowing from the banks and start paying off the national debt. This will remove purchasing power from circulation and exert a moderating effect. If this does not happen, and if unemployment persists, the government should lower taxes, continue to borrow and spend more than it receives. It should spend, not on "leaf-raking" projects, but on useful and necessary activities like regional developments on the model of the TVA, housing, urban reconstruction.

Even if full employment does result while consumers are stocking up on automobiles, electric refrigerators, radios, houses, house-furnishings and the like, a slump is likely to occur later, after the backlog



Each coin in the chart represents one billion dollars. Drawing by Graphic Associates for the Foreign Policy Association Headline Book, "A Peace That Pays."

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

of demand is satisfied. Government must be ready for such an event with large programs of desirable public works, on which it can spend enough to compensate for any falling off in private building and investment, and can do so at the drop of a hat.

A policy of high taxes and low public expenditures during prosperous periods and of low taxes and high public expenditures when depression is threatened is called a compensatory fiscal policy, because it compensates for the variations of private investment and production.

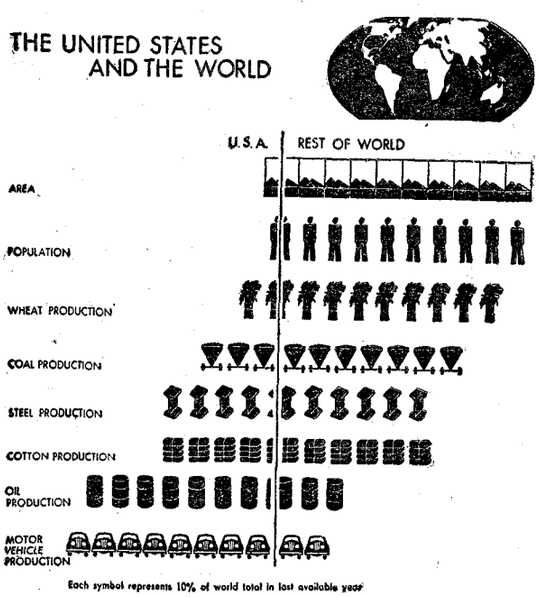
4. *See that big business does not throttle production.* – One of the most subtle and pernicious dangers is that big business, whether monopolistic in the legal sense or not, will not pass on to consumers and wage-earners enough of the continual gains in efficiency so that they can buy all that industry and labor can produce. During the Coolidge-Hoover era, many supposed that business was following a high-wage and low-price policy, and yet subsequent events proved that it did not do so to an extent sufficient to utilize the immense productive capacity of the United States or to prevent the onset of depression.

New legal safeguards against monopolistic practices may help to avoid a similar danger this time. But as long as industry is privately owned, it will, under modern conditions, have great power to determine selling prices even where no legal monopoly can be proved in court. We must rely partly on competition by government in strategic areas, partly on a growth of consumer coöperation and other consumer movements, partly on better price regulation, and partly on the hope of a more intelligent price policy on the part of private business itself. Some believe that if government provides a positive insurance against the recurrence of mass unemployment, through a compensatory fiscal policy or otherwise, business will be more inclined toward the policy of expanding production instead of restricting it. In any event, its performance in this respect will provide the ultimate test of whether we can have private enterprise and continuous full employment at the same time.

5. *Back an expanding economy on a worldwide scale.* – If we adopt these measures to maintain full employment at home, we shall find it easier to expand trade and production throughout the world, and to do so with benefit to ourselves. We shall import more and export more as long as we keep ourselves busy.

But more than this is necessary. It will be very difficult to keep all American workers employed unless we take a leading part in the industrialization of Latin America, China and other less developed regions. This will provide an outlet for our surplus savings and for the products of our heavy industries.

In order to hasten this process on a sound and enduring basis, we must coöperate in international economic institutions, such as the proposed international-exchange-stabilization fund and the bank for international investments. We must get international cartels under public control, just as we wage war against monopoly at home. And above all, we must build the foundations of an enduring peace, in which the need for national security will not cut across the need for international trade.



The chart shows the relationship between the United States and the rest of the world in regard to area, population and six selected products. Chart by Pictograph Corporation.

The measures here suggested include those regarded as most promising by the majority of economists who have anything to suggest. It should not be supposed, however, that economics is yet an exact science like physics or chemistry, or that we may not be confronted in the future as in the past with new problems. Perhaps the most important suggestion of all therefore is to install a form of national economic planning capable of making a continuous study of the situation and recommending appropriate action from time to time in accordance with developments.

This does not mean an economic dictatorship to enforce on the country a preconceived blueprint. Rather it would be an application, on a national scale, of the scientific management which has already proved its success in industry. The principles of such management are, (1) continuous research into the objective situation which conditions the achievement of chosen aims, (2) working out methods and techniques, standards of performance and schedules of production in accordance with the research results, (3) enlisting the coöperation of all involved, and (4) continual checking of results and revision of programs in the light of new developments. Such planning could be worked out in democratic fashion by coöperation of management, labor, agriculture and government, with the aid of a competent expert staff.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

The New Promise of American Life

IF THE THINGS that have been discussed above can be accomplished, they will furnish the base for fulfilling a new promise of American life. The men who made America and hammered out its institutions knew that there are no cheap and easy utopias to be had for the resolving, even on the good American earth. They kept their eyes not on utopias, but on the area of social possibility—the America that can be. That is the realm that once again opens up for us, expanded almost illimitably by the new reaches of technological advance and the productivity of man's work when applied to his knowledge of nature.

If these possibilities are snuffed out, it will not be because ordinary Americans lack the qualities that would give human meaning to such an America. The fact is that the American people have come through the depression not without fortitude and through the war thus far not without grace. At a time of the breaking and tempering of nations this people has developed great leadership and has followed it by a sure common sense, despite seeing the confusions of the world doubly confused by the mercenaries of party and press. What they have been through warrants the modest but firm hopes they have, as they stand on the threshold of America's tomorrow, for a social system that makes sense.

These hopes may, of course, be blasted by fascism and violence and hate, and America's tradition of an inclusive nation, with equality before the law and man's basic decency to man, may be destroyed. The first condition of the American promise is to fight this possibility—to fight it in factory and home and church, in the big press and the chain radio and the mass movies, in the courts and the legislative chambers, and finally and primarily in the hearts of men.

We shall face a tremendous task in fitting the homecomers from the armed forces and the workers in war factories to civilian life and civilian employment. The tides of fascism cannot have swept over the world without leaving on American shores the derelict remains of anti-labor feeling and racist hatreds and religious bigotries. Every struggle over the employment-seniority rights of the soldiers who went to the war front and the workers who remained on the home front will exacerbate these emotions. Every dispute with the other great powers in the postwar coalition to maintain the world's peace will add fuel to the fires of a jealous and exclusive nationalism. Unemployment will mean social bitterness. Men inured to daily violence will have to learn all over again the techniques of social change; and men accustomed to the hierarchies of subordination and command will have to learn again the tolerances of civil liberties.

If we succumb to these fascist impulses we shall be the Hercules of the West, in agony within the flaming Nessus shirt we have ourselves put on.

But there is no inherent reason why we should succumb. We have in our own soil and on our own continent all the resources we shall need for feeding our people. We have among our own population the managerial ability and the technical and workers' skills for running the machines. We have in our own government, and in our experience with the depression and the war, the social techniques of control and planning that are needed to organize our resources and skills. If we fail, it will be a failure of understanding on the part of our power groups, and of organized democratic will on the part of our people.

There has been a good deal of debate whether economic security can in itself create freedom, whether economic abundance necessarily leads to a democratic society. The answer is that while decent living standards are no guarantee of freedom, they are a condition of freedom. The distinction here is between the necessary and the adequate. No one can say that a mounting national income, a shrinking unemployment, and an expanding economy are in themselves adequate to create the good life and the good society for Americans. But it is certain that without them the good life and the good society have no chance. It is certain that a shrinking national income, a mounting unemployment and a contracting economy are the sure road to a fascist society and to man's inhumanity to man.

One thing more needs saying on this score. The problems of creating a healthy economy are inseparable from the problems of creating a good society. There is a curious and archaic fallacy being revived in the new reception America is giving to an old body of European thought. It is the school of thought which holds that every effort at the control of corporate power is a step on "the road to serfdom," and that every effort to plan for full employment is a stone placed in the masonry of "the omnipotent state." Even in Europe it was never true that the alternatives were social anarchy or political totalitarianism, and it is certainly not true on the soil of American institutions. Whatever the shape of our economic and political life, it has been hammered out in American history by the interaction between the people and the environment. Americans have always been able to use the machinery of the community for the purposes of the community without destroying their own freedom in the process. That was true in the early days of the Republic. It was true when Herbert Croly, the first editor of The New Republic, wrote in his "Promise of American Life" that the task now is to use Hamiltonian means to

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

achieve Jeffersonian ends. It is true now. Full employment and an expanding national production will not be achieved except by a cohesive people that is clear about its social purposes, aware of the dangers of both anarchy and tyranny, able to work together in a going political system to achieve a going economy. The end-product of such an effort will be more than economic security. In the process of achieving economic security we at the same time achieve a way of living that spells decency and makes sense.

We know from the everyday experience of ordinary people what this means. It means clearing away the slum scars, urban and rural, from the face of America. It means adequate diet and nutrition for children and grown-ups alike. It means satisfactory clothing and shelter. It means widespread home ownership, with public aid for housing construction wherever it is necessary, and community housing projects where decent low-cost housing is not otherwise available. It means town-planning, so that people will not live in unhealthy or ugly surroundings. It means a people whose moving about does not come from having its roots torn up, and whose staying put does not come from having no other choice—a people able to strike deep roots in its region and its locality, but a people also that has room for the mobility not of the disinherited but of a dynamic society.

The Tennessee Valley Authority has shown what can be done by community action in developing a region's resources without destroying its character and identity as a region. It has also shown what can be done to give people in low-income groups and outlying communities access to the conveniences and amenities of an age of giant power. This means the electrification both of the local industries and of the home; it means lightening the household burdens of American women, and placing within the reach of the ordinary rural family the recreational facilities that were formerly the monopoly of the higher-income urban families. And all of this can be accomplished, in the Missouri River Valley and the Columbia River Valley as well as in the Tennessee Valley, by the effective formula of a decentralized grass-roots administration of what is made possible by centralized authority.

The same constructive imagination can be applied to other areas of American living. The task of underwriting public health ought not to become the victim in the controversy between private enterprise and public responsibility in the medical profession. Only an America whose children grow up sturdy and healthy and straight can fulfill its ends as a culture. Without in any way impairing the autonomy of the medical profession, we can make certain that the facilities of medical care reach the low-income groups and the less accessible rural regions as adequately as is necessary for national health. We are inventive enough to formulate the institutional techniques for doing this—whether it be health insurance, group medicine, medical panels or medical coöperatives—provided we have the social will to carry it through. It will obviously be far easier to do under conditions of adequate employment than with a contracting national income. And what applies to medical care applies also to maternity and child care, and to the various forms of social insurance that have already been developed.

Most important of all in the American promise is the hope every American has that his children will get schooling so that they can use and enjoy the cultural riches of the past, and training for work along with the chance to work "usefully and creatively through their productive years," as the Report of the National Resources Planning Board puts it. Education has been taken out of the area of private profit and has been recognized as a public responsibility. But the fight still goes on to limit the local school facilities to the local economic level, and to keep the people from underwriting an adequate educational program through federal funds. So far as this means that only some of those who hunger for books and ideas and the chance to work in laboratories will have their hunger sated, it goes against the American grain. For the American tradition is one of the career open to talent, wherever that talent may be found; and of an elite not frozen by caste or wealth but drawn from the children of the people in an ever renewing circulation of ability in a democracy.

These are some aspects of the American promise—the promise of an America in which you can send down roots, can raise healthy children and give them a chance at showing their ability and their skills, can have a chance for work and travel and recreation. It is the promise of an America in which men have jobs but also the will to do something creative with them, in which they have freedom to think but also the will to use that freedom for thinking that makes a difference, in which they have freedom to worship but also the kind of life on the American earth which gives substance to whatever faith they profess. It is the promise of an America in which there is the horizontal extension to the millions of the cultural level we have achieved, but also the vertical deepening of that cultural level by the lonely work and thought of individuals.

The war has shaken up people's lives, given them new exposures, new mobility, new perspectives, access to new experience. It will be difficult to shut tight the vistas that have thus been opened up. We move toward tomorrow with the conviction that all the energy and abundance and geniality of our vast continent is best expressed in the quality of the life the ordinary American can live.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED